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## A Stern Mandela Calls For an End to Anarchy

He Scolds Those Seeking Handouts, Saying He Has No 'Bag Full of Money'

By Paul Taylor  
Washington Post Service

JOHANNESBURG — Sounding more like a disciplinarian than a politician, President Nelson Mandela lashed out Friday at anarchy, corruption, crime, rent boycotts, illegal squatting and illegal strikes during a strongly worded state-of-the-nation address in Cape Town.

In addition to scolding those who subscribe to a "culture of entitlement" and who "misread freedom to mean license," Mr. Mandela warned his constituents not to expect too many material benefits from his nine-month-old administration.

"All of us," he said, must "rid ourselves of the wrong notion that government has a big bag full of money."

"The government does not have such riches," he said.

Rather than propose new programs for the poor, he said he hoped to reduce the deficit and shrink public spending as a percentage of national economic output.

In a 75-minute speech, which opened the 1995 session of Parliament, Mr. Mandela made just one fleeting reference to building homes for the 25 percent of the black population that lacks formal housing — a program that has been the centerpiece of his election-year promises to deliver "a better life for all."

He gave equally short shrift to education, health care and clean water.

Mr. Mandela's government has already fallen behind its targets on these quality-of-life fronts. For example, it has promised to build 300,000 new low-cost houses annually for the next five years. No one in government has yet made an official tally, but the best guess from housing experts is

that it not reached 10 percent of its first-year goal.

The speech brought into sharp relief the extent to which Mr. Mandela's government — led by men and women who were orthodox Communists and socialists during the decades of the anti-apartheid struggle — has accepted the prescriptions of bond markets and international lending agencies that the only way to redistribute wealth to the poor is through an expanding private economy.

Figures issued this week showed that in 1994 South Africa's economy grew by 2.3 percent, and that fixed capital investment reversed a two-decade slide. The growth of the gross domestic product was this country's best showing in five years, but still lags slightly behind annual population growth — meaning that South Africans on average grew slightly poorer in their year of liberation.

Mr. Mandela's battle cry against anarchy was in part a warning to its practitioners, and in part a signal of reassurance to investors.

While Mr. Mandela spoke, hundreds of residents of Lenasia, an Indian township outside of Johannesburg, were illegally occupying homes — the latest in a string of more than a dozen of such occupations around the country in recent months. In Cape Town this week, thousands of students looted the central business district; they were protesting a racial incident at a formerly white school the day before in which a black student was stabbed to death.

Mr. Mandela made it clear that his government would deal firmly with white racists. He singled out not only those who resist school desegregation, but also those

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FOR US THE LIVING — Masaharu Unigame and his daughter Miho kneeling amid the rubble in the Japanese port city of Kobe, praying for their wife and mother, who died in the earthquake a month ago Friday. Page 5.

## Pound Slides As Politics Take a Toll In Britain

In U.S., Trade Deficit For 1994 Sets a Record, Pulling Down the Dollar

By Erik Ipsen  
International Herald Tribune

LONDON — The British pound faced a punishing day on foreign-exchange markets Friday, falling to its lowest level in almost two years against the surging Deutsche mark. Behind the slump, currency analysts see one factor above all others.

"It is really only politics," said Tim Fox, an analyst at Credit Suisse in London. "It is out beyond the realm of possibility," he said, that the Labor Party could be in power by the end of the year.

The pound fell a half pence against the mark to 2.3434 DM. But it rose 0.4 cents against the dollar, as the U.S. currency weakened against most major currencies following news of a record U.S. trade deficit.

The merchandise deficit for 1994 rose to \$166.29 billion, 25 percent wider than in 1993, due in large part to huge trade gaps with Japan and China. (Page 9)

The dollar's weakness sent investors scurrying for such havens as the mark, putting pressure on other European currencies. Central banks in Italy and Portugal were forced to defend their currencies Friday, and the French franc and Spanish peseta also were under pressure.

Fresh evidence of the downward spiral in political fortunes of Prime Minister John Major's Conservative government came in a by-election Thursday to fill the seat vacated by the former Labor leader, Neil Kinnock. The Tory candidate finished humiliating fourth, with 913 votes, just 407 more than the Official Welsh Monster Raving Loony candidate.

The Tories' attempts to smooth differences over one of their most divisive issues — Europe's proposed single currency — received another setback Friday.

A former chancellor of the exchequer, Norman Lamont, threw the debate back to its basics. He argued that there existed no "clear-cut or decisive economic advantage" to Britain's remaining in the European Union. That left the way open for the Labor leader, Tony Blair, to charge again that the government was "paralyzed" over the issue of Britain's place in Europe.

Beneath all the smoke of charge and countercharge, most analysts insist, there is little actually new. Most predict that the government, though its hold on power may be fragile, is likely to limp on.

"On the Continent, we have gotten quite used to Mr. Major's political stumblings," noted Hans Specker, chief strategist with ABN-Amro Bank in Amsterdam. "The effect on investor sentiment is quite subdued."

With the pound close in the postwar low of 2.3129 DM, which it hit nearly two years ago this month, most analysts concede there is little to prevent it from falling to record lows in coming days.

Crucially though, they agree that the pound has been oversold against the mark, as risk-averse investors around the world have flocked to the German currency for what they see as stability. They say that the situation in the markets in recent weeks has been not so much one of sterling weakness as one of mark strength.

"I still think the pound could rebound to 2.45 Deutsche marks over the next three

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Dow Jones		Trib Index	
Down	33.98	Up	0.32%
3953.54		110.30	
The Dollar		Previous Close	
New York	1.481	1.486	
DM	1.5825	1.5785	
Yen	97.30	97.405	
FF	5.154	5.18	

## In China Counterfeiting War, U.S. Losing Battle

By Seth Faison  
New York Times Service

SHANGHAI — Inside a bare, dimly lit concrete building on the outskirts of town, five workers at the Huaxing Razor Blade Factory sit hunched over noisy machines that spit ordinary razor blades into a row of blue kerosene cans.

Upstairs, lounging in an oversized black leather chair, Yin Jiande, the factory manager, snorts at accusations by Gillette Corp. that he had made more than 50

million counterfeit copies of razor blades produced by Gillette's joint venture here and sold them in look-alike packaging.

"If they say we can't do it any more, O.K., we won't do it any more," said Mr. Yin, who promised to stop last year when he was caught copying Gillette's packaging, only to continue copying it until he was caught a second time and finally stopped.

"No one told us about this law," he said, alluding to the impropriety of copying a competitor's wares.

Factory managers like Mr. Yin are at the

core of a fight that has pushed the United States and China to the brink of a trade war over intellectual property rights, including copyrights and trademarks. A final round of talks began Wednesday in Beijing.

Both countries have mixed heated accusations with stern promises to stand firm, and it is unclear if either will soften in time to reach a last-minute accord before Feb. 26, when trade sanctions threatened by both countries are set to begin.

Yet whether or not peace is made, the struggle over piracy is unlikely to stop

anytime soon in Shanghai or in hundreds of smaller towns in southern China, where counterfeit versions of everything from Lux soap to Kellogg's cornflakes to Shell Oil lubricants are being churned out.

U.S. trade negotiators like to cite pirated compact disks and computer software as the kind of items that could easily be controlled. But the counterfeiting of ordinary consumer goods has become so widespread that restraining it appears to be far beyond Beijing's grasp.

Counterfeiting in China ballooned in

See PIRATES, Page 4

## Talks in Beijing Fail to Bridge Gap

The United States and China ended four days of talks in Beijing on Friday that failed to resolve their dispute over Chinese protection of U.S. copyrights. Further talks were planned for over the weekend.

China raised a new threat against proposed U.S. punitive tariffs in the dispute. A newspaper reported that a \$2 billion order for Boeing aircraft could be canceled if the sanctions took effect.

Two U.S. automakers said the dispute was stalling their projects in China. Page 9.

## Ecuador Signs Pact With Peru To Set Up DMZ

Compiled by Our Staff From Dispatches

BRASILIA — Ecuador and Peru signed a formal cease-fire agreement Friday to end a three-week border war.

The agreement, signed four days after the two countries announced a cease-fire, calls for international monitors to be stationed along the disputed 80-kilometer (49-mile) part of the border near the headwaters of the Cenapa River in the Andes Mountains.

Both countries also agreed to pull back their forces gradually, to begin talks toward a permanent solution to the dispute and to invite international monitors to set up a demilitarized zone.

"The document confirms the cease-fire and brings peace to the region," Brazil's deputy foreign minister, Sebastião de Rego Barros, said at the end of a signing ceremony.

The Ecuadoran Foreign Ministry said in a statement that Ecuador and Peru must now hold talks to resolve their differences. "This crisis will only be over through the introduction of a peaceful environment with Peru that allows both to reach a peaceful and dignified solution to the existing territorial differences," the statement said.

The pact was signed by the Ecuadoran deputy foreign minister, Marcelo Fernández de Córdova, and his Peruvian counterpart, Eduardo Ponce.

The agreement was worked out in talks in Brasilia with officials from Brazil, Chile, Argentina and the United States. Those four countries, guarantors of a 1942 treaty that set the border following a 1941 war won by Peru, will contribute to the observer force. Ecuador was forced then to give up its claim to huge tracts of the Amazon rainforest.

The latest fighting broke out Jan. 26. At least 49 soldiers have been killed and 100 wounded.

(AP, Reuters)

Newstand Prices	
Andorra.....9.00 FF	Luxembourg.....60 L Fr
Antilles.....11.20 FF	Morocco.....12 Dh
Cambodia.....1.400 CFA	Qatar.....8.00 Rials
Egypt.....E.P. 5000	Réunion.....11.20 FF
France.....9.00 FF	Saudi Arabia.....9.00 R
Gabon.....980 CFA	Senegal.....960 CFA
Ghana.....350 CFA	Spain.....225 PTAS
Greece.....2.600 Lira	Tunisia.....1.000 Din
Italy.....1.120 CFA	Turkey.....T.L. 45,000
Ivory Coast.....1 JD	U.A.E.....8.50 Dirh
Jordan.....1 JD	U.S. (Eur.).....\$1.10
Lebanon.....USS 1.50	



TO THE FRONT — Fighters loyal to Afghanistan's president heading Friday to the eastern limits of Kabul. A UN envoy arrived in the city to oversee the president's transfer of power to a new council. Page 2.

## Report Tracks a Big Jump In East's Nuclear Smuggling

By Craig R. Whitney  
New York Times Service

PARIS — Attempts to smuggle radioactive materials, including plutonium and uranium, from formerly Communist states more than doubled last year, according to a classified West European intelligence report.

The report, made available to The New York Times, concluded that none of the material appeared to have been stolen from nuclear warhead stocks.

It also said that no terrorist groups or states trying to acquire the ability to build nuclear weapons had yet been known to be among the potential customers for the more than 12 pounds of potentially fissile material seized last year in Russia, Germany and the Czech Republic.

But the report said officials knew little about the people behind the smugglers. Renegade military officers and civilian nuclear technicians from Russia, Ukraine and Romania, it said, were the principal suspects.

The smugglers themselves have become

steadily more sophisticated, the report said, and Western officials believe that the same gang of Central and East Europeans was involved in two significant cases last year.

These involved the seizure of seven-tenths of a gram of 87.8 percent pure enriched uranium-235 in Landsbut, Germany, last June and the discovery of nearly three kilograms of identical uranium in Prague six months later.

Jaroslav Vagner, a former Czech nuclear worker, and two other suspected accomplices from Belarus and Ukraine were arrested by Czech authorities who seized the uranium Dec. 14. German authorities had arrested a German woman and five men from the Czech Republic and Slovakia in the earlier case.

"The material in both cases is identical, and so are the possible suspects," a Western official said. Mr. Vagner is suspected to have been in contact with the Czechs and Slovaks who were arrested in Germany, officials said.

The intelligence report concluded that

See URANIUM, Page 4

## Pride of the Yanks? No Lou Gehrigs Here

By Harvey Araton  
New York Times Service

FORT LAUDERDALE, Florida — Who were these guys? Where had they come from? The answer, in Bill Henderson's case, was from a card buried in Rudy Santin's Rolodex.

Santin, the Florida-based scout for the New York Yankees of major league baseball, pulled the card with Henderson's Miami phone number, and tried his luck at dial-a-catcher earlier this week.

"Been playing ball?" Santin asked.

"None at all, not for years," Henderson said. "Sorry."

Nothing to worry about, Santin told him. And less than 48 hours later, Bill Henderson, whose last play was a home-plate collision six years ago, was pulling up his pin-striped pants one leg at a time, just like Joe D., Mickey and the Babe.

This little tale from the crypt once known as the Yankee clubhouse should give you an idea of what's going on here, at the start of replacement spring training.

If the Yankees had this much trouble assembling pitchers and catchers, they may soon be picking position players out of the telephone book.

"Some of these young men could earn positions in our organization," said the team's owner, George Steinbrenner, re-

"I was between jobs. My new job starts March 1. The boss said, 'Go for it.'"

Bill Henderson, a replacement catcher for the New York Yankees

peaking the line the Yankees obviously fed their pitchers, catchers and dreamers. "There might be some future star."

Now, there is only one star, and he was out in uniform Thursday. After more than two decades of trying, Steinbrenner is finally the biggest of all the New York Yankees. There is no one around who could possibly upstage the Boss.

That's why journalists grabbed hold of him the moment he hit the field, and Steinbrenner refused to let go. "O.K., that's it," he would say after a while. Then he would move a few feet and start talking all over again.

His own sultans of sweat would pass by, look up at him with reverence and gratitude. Fans pushed their paper and pens in his face and peppered him with questions and advice.

George signed. George bantered. George leaned across the rail and planted a kiss on the cheek of a young girl. A guy who looked just like Yankee first baseman Don Mattingly — honest — told him the players would soon crawl back.

"George, you've lost weight," an elderly gent told him.

That he had. A few more pounds, and he

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Sparky Anderson was put on unpaid leave of absence by Detroit for refusing to manage replacement players. Page 18.

## AGENDA

### Algerian Journalist Is Shot and Killed

ALGIERS (AFP) — An Algerian journalist, Djamel Ziater, 39, was shot and killed early Friday as he went to a cemetery to visit his mother's grave in the western town of Gdidi, security officials announced.

Mr. Ziater worked for the government's regional daily, Al Jounhouria. Officials did not say who killed him, but

his murder brings to 29 the number of journalists, including one Frenchman and a French-Algerian woman, killed in attacks generally linked by the authorities to Islamic extremists.

Muslim fundamentalists have for three years been waging a war against the secular government, and about 30,000 people have been killed.

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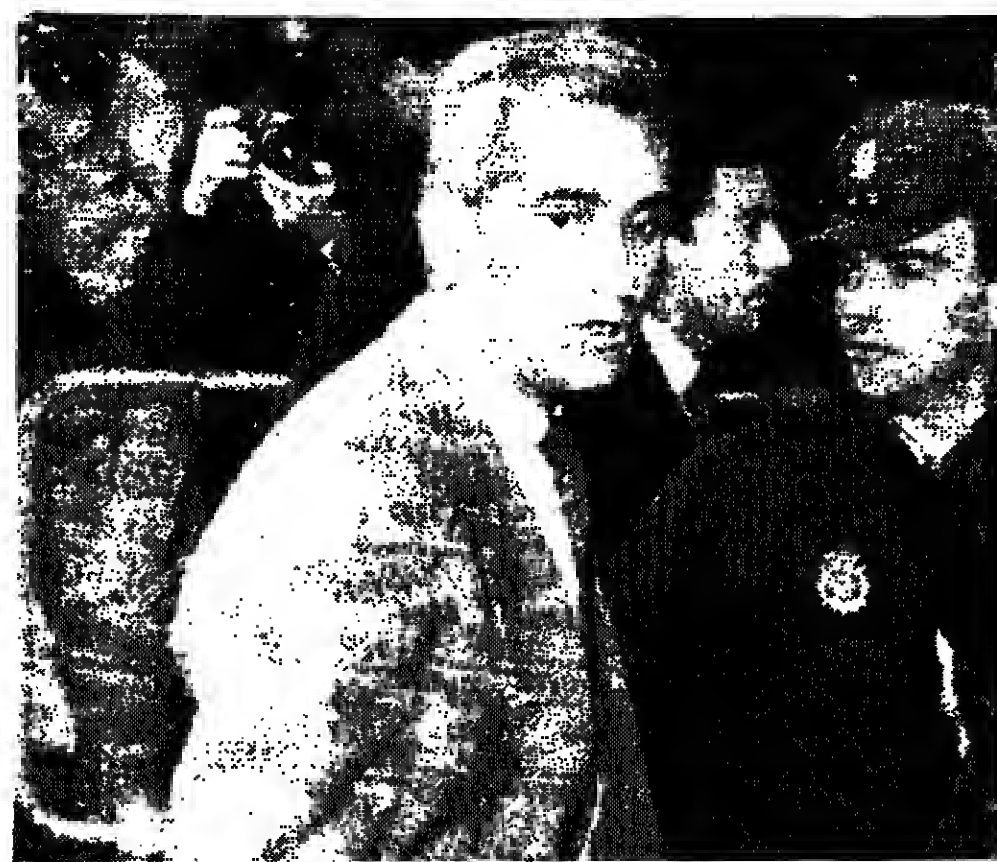
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Rafael Vera entering court to answer questions about an anti-terrorist hit squad.

## New Arrest in Spain's Scandal

### Ex-González Aide Is Indicted in Hit-Squad Case

By Barry James  
International Herald Tribune

The death squad scandal that has rocked the Spanish establishment moved a step closer to Prime Minister Felipe González on Friday with the indictment of one of his closest former aides.

The former secretary of state for security, Rafael Vera, 50, was jailed without bail after nearly five hours of questioning Thursday night by Judge Baltazar Garçon.

Mr. Vera, who was in charge of Spain's fight against Basque terrorists for nine years, was charged with covering up an attempted murder and a kidnapping, allegedly transferring money abroad and misappropriating public money to pay clandestine hit squads. Mr. Vera denied the charges and refused to sign the indictment.

This brought the investigation only two steps behind Mr. González, since Mr. Vera was the highest ranking official un-

der three former interior ministers, José Barrionuevo, José Luis Corcuera Cuesta and Antonio Asunción. Mr. Vera resigned last year.

The Spanish press called the affair the most serious blow yet to the González government. The case has moved "closer to higher political circles," the newspaper *Diario 16* said.

The spokesman for the right-of-center opposition Popular Party, Rodrigo Rato, said the arrest of someone of Mr. Vera's stature made it increasingly difficult for the government to deny responsibility.

The United Left party said it was inconceivable that a former secretary of state should be jailed without the head of government accepting responsibility. The interior minister in the Basque regional government, Juan María Atutxa, said Mr. González must resign if the inquiry upholds the charge that there was a link between Mr. Vera and shadowy hit squads known as the Anti-Terrorist

Liberation Groups, or GAL. Mr. González has not commented on Mr. Vera's arrest.

Political sources said there was a growing move within the government to shuffle the cabinet in an attempt to limit the damage before municipal and regional elections scheduled for May 28. Opinion polls predict victory for the Popular Party.

The peseta dropped sharply on foreign exchanges as a result of the crisis.

GAL murder squads are thought to be responsible for the killing of 27 Basque separatists in Spain and southern France in the 1980s, including some who were shown to have no connection with the Basque terrorist movement ETA.

Judge Garçon's position rests primarily on the evidence of two former policemen, José Amedo and Michel Dominguez, who were sentenced to 108 years in jail in 1991 in connection with six assassination attempts.

They contend that the murder squads were set up by the government. Judge Garçon has already accused Mr. Vera's former secretary, Juan de Justo, of paying 200 million pesetas (\$1.5 million) to the wives of the two policemen in exchange for silence. Mr. De Justo is one of four lower-ranking Interior Ministry officials who have been jailed in connection with the affair.

## Germans Seek Ban of British Beef

BONN — The upper house of the German Parliament demanded Friday that British beef imports be banned to avoid any danger that Germans might eat meat tainted by "mad cow disease."

The Bundestag, dominated by opposition parties, renewed its call for Chancellor Helmut Kohl's center-right coalition to fight European Union rules liberalizing British beef imports.

The government, which has been threatened with a suit by the EU if six German states do not end voluntary boycotts of British beef, said Wednesday that it would not try to overturn the EU rules.

## No EU Accord on Japanese Cars

TOKYO — Japan and the European Union were unable to reach agreement on the volume of Japanese car exports to Europe this year during their first round of talks, European negotiators said Friday.

The two sides failed to reach an accord on both the outlook for the European automobile market this year and whether to include the three new EU members, Austria, Finland and Sweden.

But one negotiator, Guy Crauser, voiced optimism about an accord. "It's the first stage of a long exercise which will be completed as soon as possible, maybe during the month of March," he said.



Mr. Dehaene at his Brussels press conference Friday.

## Belgian Leader Seeks Early Vote

BRUSSELS — Prime Minister Jean-Luc Dehaene said Friday that he wanted his center-left coalition government to break up and force elections before summer, half a year ahead of schedule.

Mr. Dehaene said the December elections needed to be brought forward to have a new government in place in time to work later this year on the 1996 budget.

## Debate on Aid for Spanish Airline

BRUSSELS — The European Commission must take a stand on Spain's request to be allowed to pump \$1 billion into the state airline, Iberia, or risk losing credibility as industry's watchdog, the trade commissioner, Sir Leon Brittan, said on Friday.

"It is clear that the Commission's credibility is at stake," Sir Leon said in text of a speech to be delivered at Cambridge University. "It is essential that we show ourselves ready in this area as in others to take the robust but difficult decisions needed."

Under EU rules, the Commission must examine government aid packages to companies to determine whether they hinder competition.

Competition Commissioner Karel van Miert opposes the aid, but other commissioners back Spain's contention that Iberia is a special case.

## 'Not Pirates,' Fisheries Chief Says

BRUSSELS — The European Union's fisheries chief fired another salvo on Friday in the war with Canada over Greenland halibut.

"We are not the pirates of the Atlantic," Fisheries Commissioner Emma Bonino said, reacting to accusations by Canada's fisheries minister, Brian Tobin, that EU boats are ravaging fish stocks in international waters off Canada's coast.

On Thursday, the EU assembly, the 626-seat European Parliament, voted unanimously to ask the EU's executive commission and EU member states to fight Canada through the North Atlantic Fisheries Organization.

## Correction

A dispatch in the Feb. 15 editions incorrectly described Italy's privatization plans for ENEL SpA. Industry Minister Alberto Clò said the electricity concern could be privatized in three to five months if it were sold as a single company or in three to five years if it were sold in pieces.

## TRAVEL UPDATE

### U.S. and Canada Set Air-Service Pact

OTTAWA (AP) — Canada and the United States have initiated an airline agreement that would increase the number of Canadian destinations open to American carriers.

Margaret Peniston, legislative assistant to Transport Minister Doug Young, said the agreement was being checked for legal questions so that it could be ready for signing during President Bill Clinton's visit to Ottawa on Thursday.

The agreement provides unlimited rights for Canadian airlines to operate flights to and from any point in the United States without restrictions on capacity, frequency or type of aircraft. American carriers will now be able to land at more than one point in Canada. They will also get a greater number of flights into Canada over a three-year transition period.

Air New Zealand grounded 10 of its 13 Boeing 737 jetliners Friday because of engine problems. A joint statement from the airline and the Civil Aviation Authority said the problems related to the reliability of engine turbine blades that were overhauled when noise reduction gear was refitted recently. The planes are used only on domestic routes.

The Channel Tunnel cannot try to put an early end to duty-free sales on ferries, a court in London ruled Friday. Although ferries sailing between England and France sell duty-free alcohol and tobacco during the voyage, the operators of Eurotunnel are not allowed to sell duty-free items on their trains. Eurotunnel has duty-free shops at the reception areas at the tunnel entrances in Folkestone, England, and Calais, France.

A strike by air traffic controllers at the Brussels international airport disrupted flights for the third consecutive day Friday, and more work stoppages were expected.

The Dutch government approved the construction of a fifth runway at Schiphol Airport south of Amsterdam. The runway is expected to be ready by 2003.

## Free Democrats Likely to Hang On in Hesse

FRANKFURT — The beleaguered Free Democrats look set to end an embarrassing string of defeats when the state of Hesse elects a new assembly on Sunday.

The party, partners of Chancellor Helmut Kohl in the Bonn coalition, have been battered by losses in nine state elections and

the European elections, but opinion polls say they have enough support to stay in the Hesse Parliament.

The state's governing coalition of Social Democrats and environmentalist Greens is likely to remain in office, although some polls show Mr. Kohl's Christian Democrats emerging as the largest party.

A Forsa opinion poll published this week put FDP support in Hesse at eight percent, well above the minimum.

## Paris and Bonn Consider Cabinet Minister Exchange

BRUSSELS — French and German officials are floating the idea of having ministers sit in on each other's cabinet meetings as a way of bringing the two countries closer, a German member of the European Parliament said Friday.

Elmer Brok, a European Parliament deputy who is a member of Germany's Christian Democratic Party, said that the idea of a French-German cabinet member exchange had been discussed in legislative circles in Paris and was now being discussed at the same level in Bonn.

Mr. Brok said the idea had been raised as Paris begins discussion on revising the Elysée Treaty, which is designed to bring the two European Union countries closer together.

"One of the proposals being discussed in Paris is an exchange of ministers," he said. "Why not put in that every country has a minister delegate in each other's cabinet," he added.

The Elysée Treaty already provides for high-level consultation between the two countries and for exchanges of civil servants.

## France Pushes Corruption Trial

### Judges Reject Call to Dismiss Case Against 2 Socialists

LYON — French judges ordered the Socialist Party leader, Henri Emmanuelli, to stand trial on Friday and a conservative former minister, Alain Carignon, to stay in jail in corruption investigations.

The rulings were issued by an appeals court here in defiance of recommendations from state prosecutors.

Judicial sources said the court ordered Mr. Emmanuelli and another former Socialist Party treasurer, André Laignel, to stand trial on suspicion of illicit party funding. It said that they had not personally en-

riched themselves but that they could not be ignorant of the way the party was funded.

State prosecutors had asked for the case to be dismissed for lack of evidence. Both Mr. Emmanuelli and Mr. Laignel have denied the accusations.

Mr. Emmanuelli has appealed the ruling.

The inquiry centers on allegations that a consultancy firm accepted donations on behalf of the party from building companies in exchange for preference in public-works tenders in Marseille.

Mr. Emmanuelli, 49, is already due to stand trial in a

related corruption case in March in Brittany.

In a separate graft investigation that has hurt the conservative Gaullist party, the Lyon court refused to release Mr. Carignon, a former communications minister, from custody, the judicial sources said. His lawyer said he would appeal.

The public prosecutor had recommended that Mr. Carignon, mayor of Grenoble, be freed on the grounds that the investigation was over.

Mr. Carignon, 45, a member of the Rally for the Republic party, is one of three cabinet ministers forced to quit last year over corruption inquiries.

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## UN Envoy In Kabul For Shift Of Power

KABUL — A UN special envoy flew into Kabul on Friday on the first plane to land in the Afghan capital in more than a year to oversee what he hopes will be a peaceful transfer of power from President Burhanuddin Rabbani.

The envoy, Mahmoud Mesiti, wants warring Afghan factions to join a representative council to take over from Mr. Rabbani.

"This negotiation may take a few more days, but the day it happens is not important. What is important is that we get the transfer right," he said at the United Nations compound in Kabul.

"Both sides have not agreed 100 percent on the list of names for the council, but we are pushing our preferred list," he said.

The potential members were in Pakistan or Afghanistan waiting for his approval to come to Kabul.

Mr. Mesiti said the Taliban movement, whose fighters thrust the main opposition leader Gulbuddin Hekmatyar's forces aside to reach the southern edge of Kabul on Tuesday, was not objecting to the UN peace plan.

"I think for the time being they don't say yes to the council and they don't say no, but the main thing is that they don't oppose it," he said.

Mr. Hekmatyar and his main ally, General Abdul Rashid Dostum, launched an offensive to topple Mr. Rabbani on Jan. 1, 1994, but failed to capture Kabul. Intense fighting last year killed thousands of people, wrecked much of the city and kept the airport closed.

Mr. Rabbani, who extended his term for six months in June, has said he is ready to hand over power to a recognized authority.

The leaders of the Taliban say they want to enter Kabul, but their fighters have not yet clashed with government forces.

A total of 177 countries have now signed the 1990 UN Convention on the Rights of the Child, which requires nations to protect children from abuse.

Critics in the United States opposed the convention on the ground that it would undermine parental rights, increase the state's role and ban the death penalty for people under 18.

U.S. Ratifies UN Agreement On Children

The Associated Press

UNITED NATIONS, New York — After five years of refusal, the United States has signed a UN agreement on children's rights.

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# Clinton to Keep Ad Hoc Policy on Arms Sales

By R. Jeffrey Smith  
Washington Post Service

WASHINGTON — President Bill Clinton has approved a policy to continue allowing sales of major conventional weapons systems to key U.S. allies and friendly nations around the globe, according to senior administration officials.

The exportation policy has been formalized in a classified presidential directive that Mr. Clinton signed last weekend, according to a senior administration official, who added that its substance was scheduled for "imminent" announcement.

Mr. Clinton's decision follows an 18-month debate within the administration about whether the United States, as the largest exporter of conventional arms in the world, should begin to try to restrain weapons sales abroad. Democrats in Congress had repeatedly asked the administration to follow such a policy.

But in the end, Mr. Clinton rejected a plea by the Arms Control and Disarmament

Agency that he approve a statement calling for restraint. Most other government agencies, including the Defense and State departments — said such a statement would either be too confining or wind up being "misleading," an official said.

Instead, the policy will continue ad hoc decision-making on major arms sales, using criteria that leave the administration enormous flexibility to reward nations that pursue its policies and punish those that do not.

"It will support and encourage those sales in U.S. interests," a senior official said. Last year, for example, the administration approved the sale of \$40 billion worth of arms to Israel, Malaysia, Singapore, Turkey and other friendly nations, while Russia, China, France and other major arms exporters fell far behind.

American officials said the policy emphasized the need to avoid supplying excessive amounts of arms to unstable regions. But they said it would probably have little effect on U.S. sales to the Middle East or

## U.S. Offering Arms to Poland

WASHINGTON — The United States has offered to sell advanced weapons, including F-16 fighter jets, to Poland, but no final agreement has been made on the transfer of specific arms, U.S. and Polish defense leaders said Friday.

Defense Secretary William J. Perry said Washington's offer to sell high-tech weaponry was also open to a number of Central European countries, but he did not specify which ones.

The United States has not yet sold any advanced weapons to former Soviet Bloc states.

Asia, regions that many Democratic lawmakers have complained could be destabilized by U.S. weapons exports.

Several officials explained

that concerns about the spread of U.S. weapons had given way to the administration's desire not to harm the U.S. defense industry. Policymakers also decided that restraining weapons sales would have undermined Mr. Clinton's efforts to increase domestic employment by increasing the exportation of all types of goods.

The policy includes a statement that American officials, in considering whether to permit an arms sale, can look at whether stopping it would harm the U.S. defense industry. The provision has been cheered by defense contractors, although officials denied it represented a major pro-industry shift.

But the policy does not endorse a more controversial industry proposal: that Washington provide loan guarantees to help finance weapons purchases by key NATO countries and allied governments.

The defense industry argued that the guarantees were needed to help it compete against British, French and German weapons makers that benefit from

similar programs. But an official said Mr. Clinton had decided "this does not make sense now."

The president's directive endorses the continued study and analysis of a proposal by Deputy Defense Secretary John M. Deutch for discussions among major arms-exporting nations about controlling new sales to certain regions and sharing information on the impact of past sales. The idea, which its proponents have dubbed "Circle of Friends," has been derided by critics within the administration as an unworkable cartel because Russia and China would almost certainly refuse to join.

"We've waited two years" for this statement and it lacks any "visionary" proposals of U.S. leadership, said Lora Lumsden of the Federation of American Scientists, which favors restraining arms sales. "At a time when the greatest threats to U.S. national security come from weapons proliferation and regional warfare, many hoped and expected that this policy would" do more.

## Senators Are Working Up To Balanced-Budget Vote

WASHINGTON — Senate Republican supporters of the balanced-budget amendment and their Democratic opponents have agreed to vote on the amendment Feb. 28, ending two weeks of slow debate over the measure that Republicans have charged has become a filibuster.

The agreement gives each side a chance to gain an edge on an issue that once seemed tilted heavily toward the amendment's supporters, but that now may be decided by no more than a vote or two. After virtually claiming victory last week, supporters seemed to temper their optimism Thursday, saying they had perhaps 65 of the 67 votes they need to push it through the Senate.

## House Panel Would Curb Lawsuits by Stockholders

WASHINGTON — The House Commerce Committee has proposed curbs on frivolous lawsuits filed by disgruntled stockholders, whom Republican critics say unfairly "extort" financial settlements from corporate defendants.

The restrictions on securities litigation, approved on a bipartisan vote of 33 to 10, form part of "Contract With America" legislation that would make losers pay legal costs and limit the financial liabilities of manufacturers for their defective products.

The speaker of the House of Representatives, Newt Gingrich of Georgia, has predicted that House Republicans face "a real brawl" with trial lawyers, a favorite Republican target, over the proposed changes in civil litigation rules. "This is going to be the biggest fight over the next 60 days," he told insurance executives.

Representative Christopher Cox of California, a Republican, said that more than 90 percent of securities lawsuits are settled, often because corporate defendants calculate that paying off plaintiffs costs less than legal fees would.

But Representative John D. Dingell of Michigan, the panel's top Democrat, accused

Republicans of "barricading the courthouse door" and shielding "evildoers" who commit securities fraud.

## Architect of the Capitol Wants No New Extension

WASHINGTON — The Capitol architect, George M. White, will retire when his term expires this year, bringing to an end a 24-year career that had been marred recently by calls for his resignation and charges that his office had discriminated against women and minorities.

In a letter Thursday to House and Senate leaders, Mr. White, 74, stated his intention not to seek reappointment when his term ends Nov. 21. His action spared him a potentially divisive and painful debate over his renomination.

Last year, Senator Barbara A. Mikulski, a Maryland Democrat, and members of the Congressional Black Caucus led calls for him to step down after the General Accounting Office, the investigative arm of Congress, found that minorities and women employed by the architect were underrepresented in higher-paying jobs and described the working environment under Mr. White's care as "demoralized and distrustful."

The office of the Architect of the Capitol was established in 1793 to preserve and maintain the Capitol and adjacent grounds — an expanse of 275 acres (110 hectares) that includes House and Senate office buildings, the Library of Congress, the Supreme Court building and some monuments and plazas. The office employs a largely blue-collar workforce of 2,300 who perform custodial, mechanical, structural and managerial duties as well as run the Senate restaurants.

## Quote/Unquote

Foreign Minister Alain Juppe of France on the vote by the House of Representatives to cut and even eliminate U.S. payments to United Nations peacekeeping operations: "Taking aim at the UN" and "denying it the means to do its job is seriously derailing what little order exists in the world today. I think it's a real shame and a real step backward for international law and world organization." (Reuters)

# Nominee Gets a Boost, but Prognosis Is Still Poor

By Helen Dewar  
Washington Post Service

WASHINGTON — Henry W. Foster Jr., President Bill Clinton's embattled nominee for surgeon general, has received a boost from a leading Senate Republican supporter of abortion rights, along with a discouraging prognosis from those-counters in both parties.

Senator Arlen Specter, Republican of Pennsylvania, said he came away impressed after a brief meeting with the Tennessee obstetrician-gynecologist, although he stopped short of saying he would vote to confirm Dr. Foster.



Senator Edward Kennedy talking with Henry Foster, who is seeking support for his confirmation as surgeon general.

Mr. Specter's comments came as Dr. Foster continued visiting on Thursday with key senators, including Nancy Landon Kassebaum, Republican of Kansas, chairman of the Labor and Human Resources Committee, which will hold hearings on his nomination next month. Senator Kassebaum, who has complained about White House handling of the nomination, has taken a stand on it and declined comment after her meeting with Dr. Foster.

Mr. Specter said he believed Dr. Foster should be given a chance at Senate hearings to clear up confusion over his performance of abortions and hysterectomies and reiterated that he believed no nominee should be disqualified for performing abortions, "however many."

"I think he's an impressive man," Mr. Specter said. "He's come up on a tough road."

He added that Dr. Foster is "entitled to a hearing, and I think the Senate ought to listen to him and evaluate his credibility."

In what appeared to be a warning to senators who would disqualify Dr. Foster for per-

forming any abortions, Mr. Specter cautioned that such arguments could prompt a full-fledged debate on abortion rights in the Senate.

Many Republicans, including the House speaker, Newt Gingrich, Republican of Georgia, are urging colleagues to keep the Foster controversy from turning into a fight over abortion. If it came to a showdown, most Senate Republicans would not vote to disqualify a physician who performed abortions, Mr. Specter said.

But the Senate majority whip, Trent Lott, Republican of

Mississippi, and Senator John B. Breaux, Democrat of Louisiana, said they believed Dr. Foster faced a difficult fight for confirmation in the Senate.

"It's uphill, it's shaky" and "politically costly" for Mr. Clinton, Mr. Breaux said.

By contrast, the Senate minority leader, Thomas A. Daschle, Democrat of South Dakota, said he was encouraged that there had been a "turnaround" in Dr. Foster's favor.

Republicans took a check of senators earlier this week, and it

came out "pretty strong" against confirmation of Dr. Foster, Mr. Lott said. "I think they have a tough battle if it is brought up," he added. Mr. Lott declined to discuss specific results of the head count.

Several Foster supporters have said they are counting on support to pick up as time goes on, unless there are further damaging revelations.

In another development, the FBI director, Louis J. Freeh, sent a letter to the White House counsel, Abner Mikva, expressing his concern about a press report suggesting that confir-

mation hearings were being delayed because the FBI had not completed its background check on Dr. Foster.

"The report is complete and will be sent to the White House tomorrow," Mr. Freeh said. Mr. Freeh was concerned the report created the impression that the FBI was being used to help facilitate the Foster nomination.

The White House Press secretary, Michael McCurry, said that the FBI background check would be reviewed and that Dr. Foster's nomination sent to the Senate soon after that.

# Mexican Rebels Buffeted by a Double Setback

By Tod Robberson  
Washington Post Service

SAN CRISTOBAL DE LAS CASAS, Mexico — Rebels here in southern Chiapas state were dealt a double setback on Friday as the Mexican government rejected their conditions for peace talks and a major national party withdrew its backing of

the guerrilla movement's political wing.

President Ernesto Zedillo Ponce de Leon's government, which waged a five-day offensive that sent the rebel Zapatista National Liberation Army fleeing into the Chiapas jungle last week, rejected a rebel demand that army troops withdraw from new positions they

seized during the offensive. Mexico's largest liberal opposition party, meanwhile, withdrew its support of Chiapas' "rebel government in transition" and formally recognized the rule of the new governor, Julio Cesar Ruiz, who was installed by Mr. Zedillo's governing Institutional Revolutionary Party after the resigna-

tion Tuesday of Governor Eduardo Robledo Rincon. Recognition of the new governor by the opposition Party of the Democratic Revolution removes a big political obstacle for Mr. Zedillo as he seeks bipartisan support for a plan to bring a national economic crisis under control. The unrest in Chiapas since the Zapatistas

began their uprising in January 1994 has been a major contributor to investor uncertainty in Mexico.

With Democratic Revolution no longer blocking Mr. Zedillo in Chiapas, his hand is strengthened in prodding the Zapatistas toward peace talks. Until Friday, Democratic Revolution had asserted that its candidate, Amado Avendano Figueroa, was robbed of the governorship last August through vote fraud committed by Mr. Zedillo's long-ruling party.

Democratic Revolution had backed Mr. Avendano's formation of a "rebel government in transition" on Dec. 8, the day of Mr. Robledo's inauguration, and supported the Zapatistas' agenda of far-reaching social and political change.

## Away From Politics

- Water training exercises were suspended by the U.S. Army after four soldiers in the army's Ranger training program at Eglin Air Force Base in Florida died of hypothermia. (Reuters)
- A man who firebombed a Cincinnati abortion clinic has been released from a U.S. prison in Ashland, Kentucky. John Brock-boeff had served four years of a seven-year sentence for the 1985 firebombing. No one was injured in the attack. (AP)
- A four-engine DC-8 cargo plane that crashed while taking off in Kansas City, Missouri, killing all three people aboard, was operating without an engine and was heading to Massachusetts for maintenance work. (AP)
- Juvens began deliberating the fate of Colin Ferguson, who is accused of killing 6 and wounding 19 on a Long Island commuter train in 1993. (AP)
- A man forced his former girlfriend to marry him by imprisoning her and threatening to kill her and her parents if she refused, Orlando, Florida, police say. Freddie Lee Radford, 42, was charged with false imprisonment and aggravated assault. (AP)

## AMERICAN TOPICS

### Rules for Au Pairs Are Eased

The U.S. government has eased strict new rules regulating foreign baby-sitters, known as au pairs.

Many people who hire live-in baby sitters from other countries under the government-sanctioned au pair program had complained that the new rules were an overreaction to exceptional cases, such as the deaths of two children in separate incidents who were being looked after by au pairs.

The U.S. Information Agency, which oversees the au pair program, said it had received about 3,500 letters from host families who complained that raising the minimum ages of au pairs and increasing their pay 55 percent would kill the program. So the agency reversed a policy announced in December barring au pairs younger than 21 from caring for children under 2.

The weekly stipend the baby sitters receive will increase to \$115, from \$100, instead of the proposed \$150.

The rules take effect immediately. The program brings about 13,000 women, mostly European, to the United States annually for a one-year stay.

### Short Takes

A study suggests tension headaches start with tissue linking the brain with upper neck muscles. "This may help get at the problem either with different pharmaceutical treatment or no pharmaceutical treatment — massage, relaxation therapy, or an ice pack," said Walker L. Robinson, a neurosurgeon at the University of Maryland Medical Center. He

was one of three doctors who conducted a study indicating that when neck muscles contract, they pull on the connective tissue. That tissue, in turn, pulls on the highly sensitive dura mater, a thin membrane that covers the brain and spinal cord. Strained nerves in the dura mater appear to cause the headaches, they said. In other words, a tight neck yanks on an area of the head that's full of nerves.

Most bits of Illinois prairie that remain today are not found in the hinterlands, but, paradoxically, in the smokestack environs of Chicago, patches of field spared by neglect or ignored because they were useless commercially. One of the most pristine chunks of prairie, wedged between intersecting railroad tracks in the mill district south of Chicago, has been selected for preservation by the Illinois Department of Conservation and the Cook County Forest Preserve. They have earmarked 800,000 to buy the 65-acre (26-hectare) plot.

In the new cable TV film "Citizen X," Jeffrey DeMunn portrays Andrei Chikatilo, who was executed in Russia last February after a 12-year murder spree in which he killed 52 boys, girls and young women. The murders were unusually vicious, often involving rape and cannibalism. The actor said he slipped into the killer's persona almost too thoroughly. "I had a couple of days' growth of beard and a haunted look," he said, "so when I went to a hotel dining room, I would be put behind the band in the corner."

William Donald Schaefer had chauffeurs for more than two decades as mayor of Baltimore and governor of Maryland. He said he is getting the hang of driving his own car, but slowly. "It's difficult," he said. "Driving yourself is an ordeal." What about parking? He conceded, "I haven't done any parallel parking yet."

International Herald Tribune.

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# China Warns U.S. Against Developing Asian Missile Shield

By Patrick E. Tyler  
New York Times Service

BEIJING — In a pointed public warning, China said Friday that the United States would "increase the danger of nuclear war" if it proceeded with a plan to develop an advanced ballistic missile defense system that could be deployed in Asia.

President Bill Clinton and some congressional legislators support the development of a "theater missile defense" system that would protect American forces and allies when they are exposed to enemy ballistic missiles like those Iraq fired against Israel and Saudi Arabia during the 1991 Gulf War.

The warning was delivered in response to a question during a news conference given by a senior Foreign Ministry official and arms control expert who spoke on condition of anonymity.

China's opposition stems from fears in the Chinese military that an American anti-missile system, if deployed in Asia to protect Japan or South Korea, could block China's small force of nuclear-tipped strategic missiles.

"If a country with nuclear weapons has a spear, and then gets a shield, you can imagine what would happen," the official said, referring to the potential for a first strike without fear of retaliation.

Senior Chinese military officials have said that China's national prestige demands that it maintain the credibility of its force of about 300 strategic warheads.

Without that credibility, China would be subject to "blackmail," the official said Friday. He noted that the United States considered using nuclear weapons against China during the Korean War.

Chinese officials rarely speak in public about Beijing's positions on arms control, but twice in recent months, the Foreign Ministry has made this official available to respond to questions from news organizations in Beijing.

His warning Friday comes in advance of a series of high-level American visits to Beijing, including by Energy Secretary Hazel R. O'Leary and Winston Lord, the State Department's assistant secretary for Asian affairs.

"We are opposed to any modified form of the Strategic Defense Initiative because it will touch off another round of arms race in outer space," the Foreign Ministry official said, adding, "I believe it will increase the danger of nuclear war."

At one point, the official raised his voice and accused the United States and the news media of falsely portraying China as a "threat" to international peace.

"I think the so-called China threat originated from a far-away place," he said. "We are tired of all these allegations."

"For the last 100 years, we have been hearing the same story," he said, complaining that since the People's Republic was founded, it has been portrayed as a threat to peace.

"When China was poor, we were a threat and when China is rich we are a threat," he added. "But history is history. We have

been the victim of aggression and occupation. We are tired of all these allegations. Enough is enough."

The official apologized for getting "a little emotional" and then added, "We do not pose a threat, but we are entitled to defend ourselves."

In the news conference, the official also made the following arguments and points:

• China and Russia are justified in selling civilian nuclear technology to Iran as long as it is done under the safeguards of the International Atomic Energy Agency.

• Despite President Clinton's decision to extend the American moratorium on underground nuclear testing, China is free to continue exploding in underground tests until 1996, when it has committed to signing a comprehensive test ban treaty.

• Even after China signs a test ban, it still might press for "small" underground tests to ensure the safety and reliability of nuclear weapons already in the arsenal.

• A proposal last fall by Defense Secretary William J. Perry to offer China sophisticated computer simulation programs as a substitute for nuclear testing has yet to draw a response from the Ministry of Defense.

The official also said that China had decided against taking part with South Korea and the United States in a proposed multinational consortium to provide North Korea with nuclear reactors for generating electricity.



SET, GO! — American and Italian Marines at Mogadishu airport, preparing Friday to cover the pullout of UN troops from Somalia next week.

## Loh Boon Siew, Malaysian Industrialist, Dies at 78

The Associated Press

KUALA LUMPUR — Loh Boon Siew, 78, who rose from apprentice mechanic to become one of Malaysia's richest men, died Friday.

The cause of his death was not known, and an autopsy was ordered, the Bernama news agency reported.

An ethnic Chinese, Mr. Loh came to Malaysia with his father from Fukien Province in China at the age of 12.

He started out as an apprentice mechanic just before World War II and supplemented his income by washing buses. He eventually formed a bus transport company.

Mr. Loh had no time to go to school, and he remained illiterate. But he was well-known for his powerful memory and business sense.

His business took off after he went to Japan in 1958 and persuaded the founder of Honda Motor Co. to give him the sole distributorship of Honda motorcycles in Malaysia and Singapore.

From an initial sale of 12 motorcycles, Mr. Loh multiplied the sales volume to 12,000 in five years and paved the way for more Japanese-made motorcycles in a market dominated by British and Continental machines. Today his company also distributes Honda cars in Malaysia.

In the 1960s, Mr. Loh expanded his business into plantations, manufacturing, hotels, real estate and property. In 1963, he grouped a sizeable portion of his businesses under the public listed Oriental Holdings Bhd., which in 1993 had total assets valued at 1.4 billion ringgit (\$550 million).

John Louis Jr., 69, Ex-Envoy And U.S. Media Magnate

WINNETKA, Illinois (Reuters) — John Louis Jr., 69, a former U.S. ambassador to Britain, media owner and philanthropist, died at his home in this Chicago suburb, his family said Friday.

Mr. Louis was a prominent supporter of the Republican Party and was named ambassador to Britain by President Ronald Reagan in 1981. He left the post in 1983.

His great-grandfather founded S.C. Johnson & Son Co., a maker of household products, and Mr. Louis became an advertising executive and then a marketing director for the company.

Mr. Louis later helped build an array of media properties under the banner Combined Communication Corp., that

owned the Oakland Tribune and Cincinnati Enquirer newspapers and a chain of seven television and 13 radio stations. Li Zhisui, 79, Was Mao's Doctor

CHICAGO (AP) — Li Zhisui, 75, Mao Zedong's private doctor from 1954 until the Chinese leader's death in 1976, died of a heart attack Monday. In his recent memoir, "The Private Life of Chairman Mao," Dr. Li painted a picture of the founder of the People's Republic of China as a manipulative, unfeeling man.

While the book contained little in the way of major revelations on political or diplomatic history, it shed light on the nature of Mao's rule and his relationships with other major figures. Dr. Li moved to suburban Chicago in 1988.

## Detective Clarifies Reaction Of Simpson

The Associated Press

LOS ANGELES — The detective who had said that O. J. Simpson did not ask for details about his former wife's death, acknowledged Friday that Mr. Simpson had said "What do you mean she's been killed?" during their telephone conversation.

The detective, Ronald Phillips, also said that the phone conversation on June 13 lasted less than a minute and that Mr. Simpson tried to call him back at the police station later that morning.

During cross-examination, the defense tried to counter Mr. Phillips' testimony Thursday that Mr. Simpson did not ask how, when or where his former wife was killed. The defense suggested that Mr. Simpson, who had taken a late-night flight to Chicago, was sleeping when he got the call.

In his cross-examination, defense attorney, Johnnie Cochran Jr., quoted from a report Mr. Phillips wrote about the call June 14, saying, "What do you mean she's been killed?" and then asked: "Do you remember that?"

"Yes," Mr. Phillips said.

Mr. Phillips also said Mr. Simpson repeated several times, "Oh, my God, she's dead," and "Oh, my God, she's dead."

Mr. Phillips had called Mr. Simpson at his hotel in Chicago. Prosecutors contend Mr. Simpson killed his former wife and her friend Ron Goldman, the evening of June 12, shortly before leaving on his trip.

Mr. Phillips said he talked to Mr. Simpson for only about a minute, then handed the phone to Mr. Simpson's elder daughter, Arnelle.

"In your mind, was he a suspect at that point?" Mr. Cochran asked.

"No," Mr. Phillips said. "The detective acknowledged that when he got back to the police station there was a message saying Mr. Simpson had called him."

Mr. Cochran pointed out that Mr. Simpson, technically, was not Mr. Simpson's next-of-kin.

"You told him you had to relate some information to him, is that correct?" he said. "Did you preface it by saying, 'your children are all right, Mr. Simpson'?"

"I don't recall that," Mr. Phillips answered.

Mr. Phillips testified Thursday that he told Mr. Simpson his two younger children had been taken to the West Los Angeles Police Department and "I need to talk to you about that."

The detective said at the same time he was talking to Mr. Simpson, another detective was telling Arnelle Simpson what had happened.

## PIRATES: Trade Conflict Grows

Continued from Page 1

the last two years as factory managers like Mr. Yin operated in an environment of speedy economic growth coupled with a weak legal system, seeing quick profits and little risk of punishment. The infringement of trademarks — the symbols and design that identify a product — now involves billions of dollars worth of goods produced in China, trademark lawyers estimate.

Counterfeit goods in a developing country are nothing new, and items like fake Rolex watches and Gucci bags are sold on the streets of New York City. But the recent growth of consumer piracy in China has been so fast and the volume so large that Western businessmen say they are alarmed by how big a bite is being taken out of their bottom line.

After Gillette discovered that Huaxing Razor was pirating the packaging and perhaps the contents of Gillette's Flying Eagle brand razor, it presented evidence to the local authorities, who raided the premises. But the action led only to broken promises from the factory and to legal action so minimal that it virtually invited more counterfeiting.

At the Huaxing factory, a modest operation with 100 workers who are paid \$50 to \$90 a month, Mr. Yin expresses nonchalance about his dispute with Gillette, apparently out of confidence that local officials will continue to go easy on him.

"I'm friends with most leaders in the district government," said Mr. Yin, a boyish-looking man of 40. Although he said he was paid a salary of less than \$200 a month, the sleek black Audi and the Mitsubishi pickup truck parked outside his office hinted at a broader income.

Although Huaxing did stop counterfeiting after a second raid and fine, it left Gillette without a penny of compensation from a loss of more than \$1 million in sales.

As in other parts of China, the economic police in Shanghai may often have little incentive to penalize factories that generate local tax revenue and are run by acquaintances.

Xing Dongsheng, a deputy section chief at the Shanghai Administration of Industry and Commerce, which is responsible for enforcing trademark violations, insisted that the Gillette case was an example of good government work because fines were collected, twice, and handed over to the central government. He denied that any favoritism had been shown to Mr. Yin.

When not attending meetings, or conducting spot-checks, Mr. Xing said he relied on companies like Gillette to bring claims forward and to present hard evidence.

"You can't say just because something is selling cheaply that it is counterfeit," he said. "You need evidence. The United States should not ask us to prosecute every case. No one can prosecute every case."

Tony Au Yeung, general manager of Gillette (Shanghai) Ltd., the joint venture, estimates that counterfeiters now sell its lookalikes worth more than \$10 million, or roughly one-third of the annual sales at his Shanghai operation. Du Pont, Minnesota Mining & Manufacturing, S.C. Johnson and McDonald's are among the dozens of other companies that endure infringements.

## MANDELA: Call for Restraint

Continued from Page 1

players who refuse to adopt policies designed to bring blacks into better jobs. He spent much more time, however, lecturing blacks who have not given up behavior that often won them glory during the anti-apartheid struggle.

"I speak of those who engage in such totally unacceptable practices as the murder of police officers, the taking of hostages, riots, looting, the forcible occupation of public buildings, blocking of public highways, vandalism of public and private property and so on," he said.

He added, "Let me make this abundantly clear that the small minority in our midst which wears the mask of anarchy will meet its match in government."

Mr. Mandela also issued a stern warning to public employees — some of which, in recent weeks, have threatened to take their wage demands are not met. He said that although he sympathized with the economic plight of many black civil servants, the government would crack down on any illegal strike activity.

On the subject of corruption — also much in the news lately — Mr. Mandela acknowledged that it had "deeply infected the very fiber of our society."

He pledged to deal "firmly and unequivocally with whoever is involved," but said he would not engage in "witch hunts" based on mere allegations.

Mr. Mandela had been criticized for waiting too long to force the withdrawal from a diplomatic posting of the Reverend Allan Boesak, the anti-apartheid leader who was accused in December of misappropriating foreign funds donated to a community group he led. Mr. Boesak withdrew this week.

## URANIUM: Report Sees Big Increase in Smuggling

Continued from Page 1

the uranium they were offering for sale was not from former Soviet weapons stocks but might have come from fuel rods used in atomic-powered naval vessels.

Corrupt officers of the Russian northern fleet in Murmansk stole four kilograms (8.8 pounds) of 30 percent-enriched uranium-235 fuel for atomic submarine reactors in 1993, the report said, and Russian authorities later announced that three kilograms of it had been recovered in St. Petersburg.

So far no Russians have been among those accused of smuggling the materials to Western Europe.

The smugglers have used crude, nonairtight-proof containers like empty gas bottles to bring nuclear materials through Eastern and Central Europe by car, and have concealed uranium pellets in the sides of railroad cars.

Just last Thursday, a 46-year-old Polish used-car dealer was given a 30-month sentence in Essen, Germany, for dabbling on the side in uranium-238. He was arrested at a highway rest stop in the Ruhr on Sept. 29 for offering about a kilogram of it to a German who informed the police.

In another case last August, a 38-year-old Colombian who had spent years in Moscow as a student hid 12.6 grams of potentially fissionable plutonium-239 in oxide form in a shielded cylinder in his suitcase on a flight from Moscow to Munich. German police officers posing as customers interested in a \$250 million deal arrested him and two suspected Spanish accomplices.

All are still under arrest but have refused to talk about their connections in Moscow, German officials said.

Plutonium-239 of the kind that turned up in Munich is not normally used to build nuclear warheads, the report said, and

the seized material probably came from nonmilitary research installations, as did a tiny sample of two-tenths of an ounce of 99.75-percent-pure plutonium-239 found in the garage of a businessman in southern Germany last May.

"Plutonium in this form can only be produced by an isotope isolation process known to exist only in Russia," according to the report, which said that Russian laboratories had produced 1.2 kilograms of it in the 1960s for research institutes in the Communist bloc.

A European official said that for reasons of national pride, Russian authorities appear to be trying to stop the leakage by themselves, without outside help.

In all, 124 cases of nuclear smuggling from formerly Communist states were reported to Western governments in 1994, compared with 56 the previous year and 53 in 1992, according

to the report. More than half of last year's cases, 77 of them, involved uranium or plutonium rather than more harmless materials.

The intelligence report said that Russian civilian nuclear research institutes often did not check their inventories of radioactive materials.

"It is not clear that even the Russians know how much material they actually have," said Roger Baltrus, an expert at the French Atomic Energy Commission.

Radioactive materials could be used simply to contaminate large areas by dispersion in conventional explosions, the report said, but there were as yet few signs that terrorists had become interested.

Nor, it concluded, was there hard evidence to substantiate reports that buyers from Iran, Lebanon, and Jordan had tried to buy weapons-grade radioactive materials.

## MARKETS: Politics Take a Toll on Pound in Britain

Continued from Page 1

months," said Herman Thaler, an analyst at the Union Bank of Switzerland in Zurich. "There is nothing new in Mr. Major's political problems nor in Labor's lead in the opinion polls."

In contrast to those factors, most economists point to buoyant economic fundamentals.

"The economic situation here is not one that would typically lead to a sterling crisis," insisted Keith Wade, an economist with Schroder Economics. He and others note that inflation remains subdued and that the pound's current account balance shows nothing but continued improvement.

Most analysts also forecast that the pound's slide will do little real damage to those generally rosy economic prospects. Specifically, they forecast that

sterling's nearly 5 percent slide against the mark since December will have little impact on domestic inflation.

In contrast, what British economists see is the pound's remarkably steady performance against the dollar.

"From an inflation point of view, that is quite beneficial since so many raw material imports are priced in dollars," noted Peter Gutmann, senior research manager at National Westminster Bank.

What is more, with little inflationary impact to fear, British exporters have much to gain from a weaker currency as Europe's economic recovery gathers steam this year.

In fact, many economists draw direct links between the pound's devaluation following its forced exit from the European policy grid in September 1992 and the country's relatively buoyant economy of today.

Economist also credit Britain's tougher fiscal and monetary policy for much of the gains on the inflation front. But what worries investors is that those policies might change under a Labor government, which opinion polls suggest is inevitable in elections that must be held no later than April 1997.

It is that factor that turns

even the most sanguine of analysts a bit edgy. "The markets will just have to live with political uncertainty for the foreseeable future," Mr. Gutmann said. Nonetheless, he and others stress that as long as Britain's economy stays sound, the potential damage to the pound will be limited.

Others go even further. "The markets are so anti-Major that I wonder if a change in government would not actually be good for the pound," Mr. Thaler said.

Some analysts also suggest that the market's traditional antipathy to the Labor Party may simply be outdated. They note that little distance now separates the two main British political parties on the essentials of economic policy.

Mediterranean Meeting Set

ROME — NATO's secretary-general, Willy Claes, announced Friday that he would hold talks next week with envoys from Egypt, Israel, Mauritania, Morocco and Tunisia on threats to stability in the Mediterranean. He said the meeting would take place next Friday in Brussels.

markets a few weeks, fantasy leagues on leave from life. "I was between jobs," said Henderson, holder of a marketing degree. "My own job starts March 1. The boss said, 'Go for it.'"

Henderson, 26, once went for the moose, right out of high school, as the Detroit Tigers' 1987 first-round draft pick. Two years later, in the Florida State League, he was bowled over in a play at the plate, a season-ending injury that sent him back to school, for good.

At least he didn't sustain a concussion. "He was out," Henderson recalled. "I held on."

## PLAYERS: No Lou Gehrigs Here

Continued from Page 1

might have been out there, jogging alongside the nobodies in the most famous uniform in American sports.

"No, sir," Steinbrenner said to that proposition. He is the owner. The players are the players, even if they are not the players.

So where were these guys and where had they come from? Some were from the Yankees' minor leagues, in career atrophy, hoping to score organizational points. The others were the unremorseful has-beens we've been reading about these

past few weeks, fantasy leagues on leave from life. "I was between jobs," said Henderson, holder of a marketing degree. "My own job starts March 1. The boss said, 'Go for it.'"

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# The View From Hiroshima

## After Smithsonian Step, a Message for U.S.

By Steven Brull  
International Herald Tribune

HIROSHIMA, Japan — The cities of Hiroshima and Nagasaki, reacting to the Smithsonian Institution's decision to drastically scale down its exhibition concerning the nuclear attacks during World War II, are planning to convey their views on the bombings in a broad campaign in the United States.

The campaign, which will include advertisements in U.S. newspapers, exhibits and symposiums, will use photographs and testimony from witnesses to show the effects of the bombings. The attacks killed about 200,000 people, with an additional 100,000 dying later from radiation sickness and burns.

"The Enola Gay exhibit only shows the power of nuclear weapons, but we want to emphasize that the power of nuclear weapons and the damage that they caused are interlinked," Mayor Takashi Hiraoka of Hiroshima said, referring to the Smithsonian exhibition.

"We don't want to sound as though we're scolding America," he said in an interview. "What we want the world to know is that we've overcome our sadness and pain and rebuilt this city on a principle of peace."

Coming in an emotionally charged year during which U.S. veterans will commemorate their victory in World War II 50 years ago, the activities run the risk of further raising tensions.

Already, pressure in Japan has led to the cancellation of plans by the U.S. postal service to issue a commemorative stamp showing a mushroom cloud. The stamp carried the caption "Atomic Bombs Hasten War's End, August 1945."

Then, earlier this month, protests from veterans groups led

the Smithsonian Institution to alter an exhibition showing the destruction of the bomb and raising questions about its morality and strategic necessity. Instead, the exhibit at the National Air and Space Museum will show the fuselage of the "Enola Gay," the plane which dropped the bomb on Hiroshima on Aug. 6, 1945.

To Japanese, the decision smacked of insensitivity. The development drew front-page headlines for days and statements of regret from Prime Minister Tomiichi Murayama and other officials.

In Hiroshima, whose population of 1.1 million includes about 100,000 atomic bomb survivors, the incidents have given fresh impetus to efforts to get their message across.

"The original draft for the Smithsonian's exhibit captured the greater part of what we wanted to say," said Hiroshi Harada, director of the Hiroshima Peace Memorial Museum and a hibakusha, or victim, of the atomic bombing.

"Their viewpoint was nearly identical to ours," he said. Now, he said, the museum is exploring the possibility of sending a traveling exhibition to several university and state-sponsored museums in the United States and Canada this summer.

Most people in Hiroshima feel the bombs that killed mainly civilians were unjustified because Japan was on the verge of surrender.

Nonetheless, city officials say they can understand the feelings of American veterans.

"There are two sides to war — aggression and devastation — and it becomes personal when it's your father, your brother, or your neighbor that dies," Mr. Hiraoka said.

"There are many who see America as having been protecting democracy while Japan was invading other countries —

and, of course, this may be correct to some extent," said the mayor, a former journalist whose views differ from those of many more conservative Japanese politicians.

The Smithsonian's decision held a particular irony here because last June the city's Peace Museum took a controversial step by adding new materials that for the first time showed the military significance of Hiroshima. Also, a new room was added at the start of the exhibition, informally known as the "Aggression Corner," that notes the atrocities committed by Japanese forces in Asia.

Previously, the 1.5 million people who visit the museum annually, making it the country's most popular museum, saw little to explain why Japan was at war or why the bomb was dropped.

The city of Hiroshima has budgeted 47.26 million yen (\$485,000) for promotional activities in the United States this year. About two-thirds of the total is for exhibitions and the dispatch of witnesses to symposiums, with 8.5 million pegged for advertisements. The budget is expected to pass the city council next month.

### BRIEFLY ASIA

#### Sri Lanka and Guerrillas Agree to End Blockade

COLOMBO — The government and Tamil guerrillas have agreed on steps to end a four-year economic blockade against the rebel Jaffna Peninsula that has deprived 800,000 people of electricity, gasoline, phone service and most consumer goods.

Two land routes to the peninsula also will be opened, a government negotiator said Friday. Details have yet to be worked out, said Kusumsiri Balapatabendi, the chief negotiator and secretary to President Chandrika Bandaranaike Kumaratunga. The move is expected to give impetus to peace talks, which bogged down last month.

More than 34,000 people have died in the 11-year war for a homeland for Sri Lanka's Tamil minority, who say they are discriminated against by the Sinhalese who dominate the government and military. (AP)

#### Pentagon Mistakenly Sent Oil to the North Koreans

WASHINGTON — The Pentagon inadvertently supplied North Korea with heating oil that enabled the Communist regime to divert gasoline to its military, according to the U.S. commander in South Korea.

Testifying before the Senate Armed Services Committee, General Gary Luck said Thursday that U.S. intelligence gatherers had detected a diversion of fuel made possible by a shipment of heating oil paid for out of Pentagon accounts.

"We called their band on that and they

stopped doing it," General Luck told the committee. He said he would be willing to describe the incident in greater detail in a nonpublic session.

North Korea and the United States agreed last fall to a "framework agreement" on halting North Korea's nuclear program in exchange for oil and, later, nuclear power plants that produce little material that could be diverted to weapons. (AP)

#### 2 India Policemen Killed

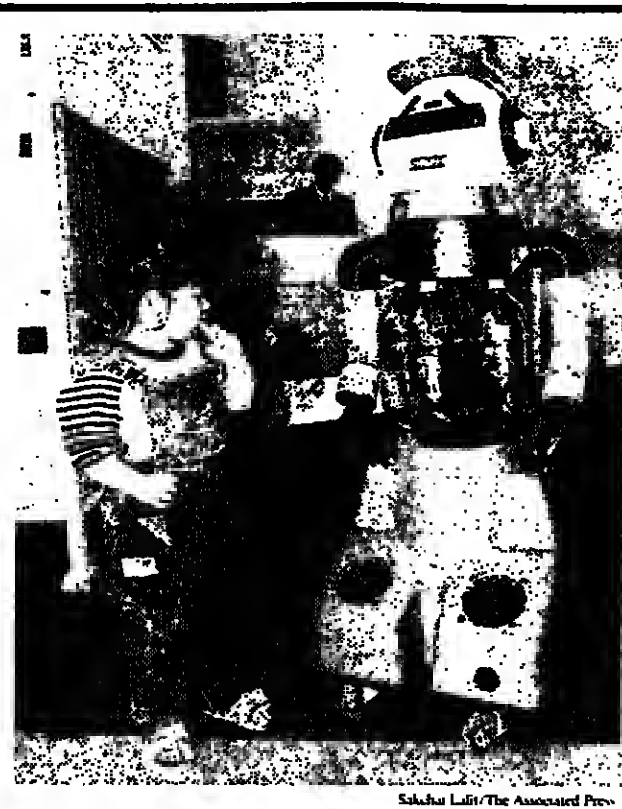
NEW DELHI — Gunmen killed two policemen Friday and wounded five others who were guarding sealed ballot boxes in a legislative election in the eastern state of Manipur. United News of India said the gunmen appeared to be militants of the Kuki tribe, who are in a fierce turf war with the Naga tribe in the remote state bordering Burma. (AP)

#### Heavy Toll in Cambodia

PHNOM PENH — The Cambodian government said Friday that its army had suffered heavy casualties in a drive against Khmer Rouge guerrillas in the far northern province of Preah Vihear.

Asked the number of casualties, a senior government official with a close knowledge of the fighting replied: "Too much." He added that an exact casualty figure had still not been received in Phnom Penh. Fighting had been sporadic, he said, most of the casualties had been caused by land mines.

"There are casualties and wounded on both sides, but the main problem is that the Khmer Rouge have laid hundreds and hundreds of new mines," said the official, who asked not to be named. (Reuters)



"I'M-AT-YOUR-COMMAND" — A girl sizing up a robot made from recycled materials in Laem Chabang, Thailand, at a trade exhibition Friday in which foreign and domestic companies displayed recycled products.

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## \$10 Billion Budget For Kobe Quake

Reuters

KOBE, Japan — Japan took the first step on Friday in meeting the cost of reconstruction after the Kobe earthquake last month by setting out a special budget for disaster relief.

Prime Minister Tomiichi Murayama's cabinet endorsed the outline of a supplementary budget totaling 1.02 trillion yen (\$10.2 billion) to finance initial reconstruction costs.

The government has estimated that rebuilding the earthquake-hit areas of central Japan would cost at least \$96 billion. Mr. Murayama has been criticized for the central government's slow response and failure to contain damage from the earthquake.

His government, clearly anxious to dispel that impression, unveiled its budget outline a week before the budget bills would be formally submitted to Parliament.

A Finance Ministry official said the government wanted to "relieve victims by letting them know how things are proceeding with reconstruction measures."

Earlier, Parliament approved Mr. Murayama's first concrete measure since the disaster, a package of bills to cancel or cut

income taxes and other levies for those who have lost members of their families or homes.

At noon on Friday, one month since the earthquake hit, tens of thousands of people observed a minute of silence.

As bells tolled atop the Hyogo prefectural hall in Kobe, workers at reconstruction sites, refugees at evacuation centers and people on the streets stopped and bowed their heads.

The police said Friday that at least 5,391 people were confirmed killed by the 7.2 Richter earthquake, which struck at dawn on Jan. 17. Two people are still listed as missing.

In Tokyo, Mr. Murayama also paid tribute to the dead. "We must learn from the experience of this disaster and create a system so we can react adequately when something similar happens," he said.

More than 210,000 people are still stranded in crowded and cold evacuation sites at schools and community centers. Many others have braved the winter weather and stayed in tents near their shattered homes.

Kobe has become a city of endless traffic jams and dust from the hundreds of damaged buildings being torn down. City officials said traffic snarls had delayed the most urgent task ahead, to clear the rubble and erect temporary homes.

Out on Kobe streets, people immediately went back to their work after the noon rite and admitted that they had little room to think of the past month.

"We've become a lot busier since the earthquake," said Yoshiko Umetani, 21, who works at her father's liquor store in the Motomachi district of downtown Kobe. "There seem to be plenty of people who buy liquor to cheer themselves up."

### Japan Tests Reactor As Protesters March

The Associated Press

TOKYO — As dozens of protesters marched, control rods were lifted from the core of the Monju breeder reactor on Friday, creating enough electricity to test the plant's steam generator for the first time.

Officials said that the tests were designed to measure the efficiency of the reactor, and that actual trial operations would begin in April.

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# Odilon Redon: Case of an Enigmatic Genius

**L**ONDON — Masters of the past who do not fit into ready-made categories get a rough deal. Odilon Redon, whose work is on view at the Royal Academy until May 21, enjoys the honors of a one-man show for the fourth time since 1985, yet this still fails to do justice to his stature.

The exhibition and the heavy book that goes with it, superbly produced like all Harry N. Abrams books, emphasize the more wildly imaginative and even the weirder aspects of Redon's work. Other important facets of his oeuvre are more summarily dealt with. Perhaps Bertrand Jean Redon, known as Odilon after his mother, Odile, was too complex a case for our minds to take it all in at one go.

Parents with an unusual background—his mother was a Creole horn to Louisiana, where his father met her—a lonely childhood and highly atypical training all helped to exacerbate his originality.

Redon first discovered art in the form of watercolor painting in Bordeaux with a local practitioner, Stanislas Gorin. This was followed by a year of architectural studies at the Ecole des Beaux-Arts in Paris, which he did not enjoy, and another year in the studio of Jean-Léon Gérôme, the academic painter

whose teaching and brusqueness he loathed. Back in Bordeaux in the autumn of 1865, the 25-year-old Redon met the engraver Rodolphe Bresdin who initiated him to his art.

How all this was integrated is neither shown, nor discussed in the book, heavy on psychoanalytical considerations and light on factual information relating to the art. But a glance at Redon's early works reveals that each of these early experiences left its mark.

An etching done in 1866 after a watercolor sketch painted in Saint-Jean-Pied-de-Port gives the clue to one of the few constants behind the bewildering diversity of his styles. The view displays an architectural accuracy and balance obviously inherited from his Beaux-Arts days. To the end, Redon was to retain a rigor in composition, and a feeling for construction in space unique in his time.

**T**HEY come out in an early gem, a "large landscape" in charcoal done in 1865. Behind the atmosphere of fairy-tale mystery, the layered structure combines with the enormous trunk bending across the composition to lend a rhythmic vigor that gives a different twist to the Romantic feel.

The next masterpiece, a view painted at Peyrebadade around 1868, is in a different mood. A tree rises in the middle of the intensely lighted landscape, di-

vided in almost equal halves. A dramatic intensity is suggested by the light, the stark nudity, the single dark animal grazing. This is light-years away from the empty alacrity of Impressionism, from which Redon felt so far removed, and with good reason.

That sophistication in minimalist composition characterizes even the small still lifes of that period. In one, a small jar on a ledge is carved out of darkness by light reflections. Two red poppies glow against a deep brown ground while the petals of three daisies explode in gleaming whiteooses.

Yet the minimalist Redon could, at intervals, indulge in a richness of detail worthy of Claude Lorrain, as can be seen in a river landscape done in charcoal and black chalk in 1868.

Incarnating yet another artistic persona, Redon simultaneously painted scenes of medieval inspiration, in which he retains his carefully thought out, carefully centered compositions and puts limited touches of color to highly effective use. "Roland at Roncevaux" shows a knight in golden armor riding his steed against the backdrop of a black mountain. The red blaze of a drape focuses attention on the rider.

With his revivalist subjects, Redon was getting perilously close to kitsch. In the 1870s, he often crossed the barrier, particularly in drawings of pseudo-religious inspiration such as "Melancholy." He transcribed nightmarish visions, ranging from the grotesque to the repellent—"The Executioner Angel" and "The Sorceress." Others, in a quieter vein, such as "Primitive Man (Seated in Shadow)" of 1872, can be as powerful as Goya, whose obvious influence is not discussed in the book.

The visionary drawings became ever more extravagant. In 1878, Redon sketched a "Guardian Spirit of the Waters" in the form of a huge head bent over a tiny sea at the bottom of the page. He anticipated Surrealism in forms we associate with Salvador Dali. "Eye Balloon," seen in Chicago but not in London, shows an enormous circular eye, its pupil rolling upward, serving as a balloon to carry a tiny skull through the air.

By the early 1880s, the ever versatile Redon developed a truly Expressionist manner. "The Distributor of Crowns," with its skull-like face, would not be out of place in a display of German school portraits painted around 1908-10. How the same artist found it in him to do at the same time



Charcoal and black chalk sketch by Odilon Redon, in Royal Academy show.

drawings full of poetic mystery, such as a charcoal sketch of two huge tree trunks on which light glides down to the ground, is difficult to conceive. The early 1880s marked the beginning of three golden decades. Redon was at ease in every register he had ever cultivated. He did admirable landscapes in which one element focuses attention in a strongly structured composition.

**E**VEN studies painted outdoors, such as the sketch of a tree emerging from undergrowth reduced to a golden haze, are rigorously ordered. The patches of blackish green and reddish brown and tooed blue at the top are distributed with obvious concern for careful color balance. Another, a beach land-

scape painted in 1883 in tones of beige, blue and white, is both classical in its construction and modernist in its outlook. It escapes labeling. So does Redon's masterpiece of 1888, "Street in Samois," with its classical perspective and its disregard of detail in favor of tonal surfaces. It represents a school unto itself.

A Symbolist phase followed, in which much would again qualify as kitsch were it not for the painterly mastery and the color schemes that anticipate Fauvism. In full control of his means as were few painters in his time, Redon forged ahead outside any recognized group. "Woman With a Yellow Bodice," a pastel of around 1899, belongs to timeless European portraiture. So does the portrait of Madame de Domcy, a pastel done in 1902, with its curious association of facial draftsmanship and Fauve colors. "Flower Clouds," done about 1903, has Fauve colors, too, distributed in light pastel splashes as in a dream of sea and sky blending together, with a ghostly boat silhouette floating on the water.



Jacques Zvobada's "Demeter," in Prague show.

## Life Transforms A Sculptor's Art

By Michael Gibson  
International Herald Tribune

**P**RAQUE — Jacques Zvobada (1900-1967), a French sculptor descended from Czech immigrants, began his career as a highly competent but academic.

At age 40, a passionate and durable liaison with the wife of his closest friend apparently sparked a mutation in his art, and he produced an extraordinary body of drawings and sculptures that are in turn an act of erotic celebration and of erotic mourning.

An exhibition at the Institut Français in Prague honors Bohemia's not quite native son, who during his lifetime was promoted by André Malraux and after his death was celebrated in a 1969 exhibition at the Musée Rodin. He did not fit into the approved aesthetic line, however, and after 30 years the outstanding quality of his work is just beginning to be acknowledged again.

Zvobada (time and French bureaucracy altered his name from Zvoboda), began his public career in 1929 with a commission for a monument to Simón Bolívar in Quito, Ecuador. The project submitted by Zvobada and his friend René Le-tourneur won the approval of a jury led by Aristide Maillol. Their huge equestrian statue, with its affinities with Bourdelle's triumphant mannerism, still prances on an ornate pedestal in Quito.

The commission led them to buy a piece of land in Fontenay-aux-Roses, near Paris, where they built their studio and their respective houses. The commission once completed, they worked separately. Zvobada produced a number of competent sculptures, busts and reliefs of the sort commissioned for ocean liners and public monuments of the '30s, and drawings that in retrospect betray his latent sensuality.

**I**N 1940 his passion for Le-tourneur's wife, Antonia, erupted with desperate force and changed both his life and his art. Antonia packed her bags and moved to Zvobada's house. The event hardly seemed to affect the men's friendship.

This would be of merely anecdotal interest if the experience had not radically transformed Zvobada's art. His passion for Antonia generated thousands of pages of love let-

ters and a body of drawings and sculptures that mark a complete departure from the smooth academic tone of his youth.

The first stage, ending with Antonia's death in 1956, takes enthusiastic liberties with the female (and occasionally male) body, in ways that could appear reminiscent of Hans Arp's burlesque bronzes. "Offering" shows a female nude lifting her full breasts with both hands. It is sensuous, tender and marked by a gentle humor apparent in the slightly gauche posture of the woman's legs.

But this same period saw the development of a much more allusive, near-abstract idiom, calling to mind the Ovidian legends of nymphs or humans turned into trees. Such sculptures can be interpreted either way. But, considering the sculptor's personal context at the time, one is more tempted to suppose the rounded forms of the human body in "Metamorphose" as emerging from the gnarled tree trunk.

**A**FTER Antonia's death, he undertook to build a mausoleum to her memory in the cemetery of Meotaea, near Rome, where he intended to put a selection of his major works. The unfinished memorial is not an architectural success. But the years after Antonia's death also witnessed the creation of increasingly moving and tragic works. Paradoxically, their tormented forms are both more abstract and more forcefully, indeed desperately, erotic in a highly allusive manner.

"Chevauchée nocturne" shows a male and a female form swooping through the night like tattered clouds. "Animal fantastique" is a two-footed beast that is undeniably phallic. The tremendous "Demeter," or earth mother (a small piece done in baked clay), evokes both fertility and death. The front of the figure shows a tormented, big-breasted, big-bellied form; the back is as ravaged and hollowed as a millennial olive tree.

Zvobada's life reads like a philosophical tale. He began unpretentiously, and it was his life experience that ultimately drew him out and made him a major sculptor. His work has an emotional and mythic intensity that is quite exceptional in a century that favors a technical approach to all subjects.

The exhibition at the Institut Français de Prague, Stepanka 35, runs to March 17.



Redon's "Guardian Spirit of the Waters."

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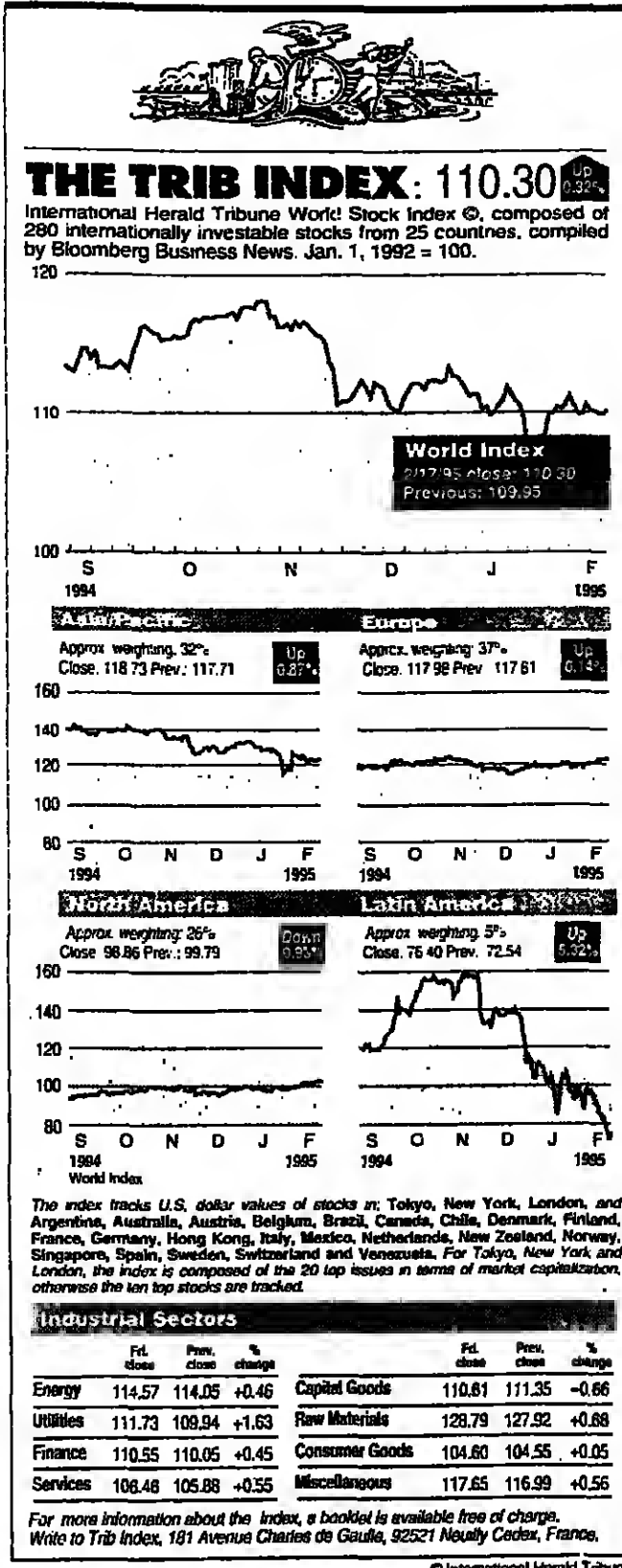
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# U.S. Sets Record In Trade Deficit

*Compiled by Our Staff From Dispatches*

**WASHINGTON** — Growing trade imbalances with Japan and China contributed to a sharp widening in the overall U.S. trade deficit during 1994, despite some improvement in December, the Commerce Department said Friday.

The trade shortfall dropped in December to \$7.34 billion, the smallest monthly deficit in nine months. But the full-year figure shot up 43 percent, to a total of \$108.11 billion, as the deficit on trade in goods alone soared to record levels.

The total trade gap measures business with other countries both in hard goods, like cars and steel, and in services, like travel and tourism. The United States typically runs a surplus on services trade with the rest of the world but runs huge deficits on goods because of high imports.

While President Bill Clinton has cited big trade deals as one of his major achievements since taking office, the new figures demonstrated in stark terms the challenges the United States faces in the global economy.

A spokesman for Mr. Clinton insisted that the sharp rise in the deficit last year would not deter the government from continuing its efforts to lower trade barriers around the world.

Deficits in goods trade with Japan and China both set records last year. The Japanese imbalance climbed 11 percent, to \$65.7 billion, or more than half the total U.S. trade deficit, while the trade gap with China surged 30 percent, to \$29.5 billion.

Many economists predict the United States' trade fortunes will improve this year as improving economies overseas boost U.S. exports while the economic

**See TRADE, Page 10**

## ***Eat Cheesecake, Look Fabulous: The Sara Lee Diet***

By Leslie Wayne  
New York Times Service

Everyone knows its cheesecake and other treats. But Sara Lee Corp. also reaps bottom-line advantages by selling products that make sure its foods don't break too much havoc on the waistline.

The company's latest innovations are "Smooth Illusion" panty hose, which promise to trim five pounds off the look of any woman's bottom, and the "Wonderbra," which promises new lift in the cleavage.

With a product lineup like that, Sara Lee, based in Chicago, is reaching over highs. But analysts say there is more to this company than rich cheesecake and thin thighs.

Sara Lee, whose shares reached a 53-week high of \$27.125 last week, is benefiting from a restructuring charge of \$735 million taken last year to streamline the company. That effort is paying off in lower operating costs at a time when consumer stocks are beginning to return to favor.

Shares of Sara Lee lost 125 cents to \$25.75 in New York Stock Exchange trading Friday.

"So many portfolios have been overweighted with technology stocks," said Caroline Levy, an analyst for Lehman Brothers who rates the company a long-term buy. She said Sara Lee stock could once again reach its record high of \$33 a share. "Money is now coming back into consumer stocks," she added, "and this company is undervalued on a long-term basis."

Sales at Sara Lee rose 16 percent last quarter from a year earlier, and income rose nearly 7 percent. The company's \$17 for the year ending June 30 are expected to reach about \$17 billion.

About half the company's sales and earnings come from its branded food division — baked goods and products sold under the Hillshire Farms, Ball Park and Mr. Turkey labels.

See **CAKES**, Page 11

# U.S.-China Gap Widens

## *Jet Sale at Risk as Talks Don't End Dispute*

**By Kevin Murphy**  
*International Herald Tribune*

**HONG KONG** — China and the United States ended four days of talks in Beijing Friday with U.S. diplomats saying there were still "significant" differences between the two sides as they sought to avert a trade war.

"U.S. negotiators have had frank and detailed discussions with their Chinese counterparts on protection for audiovisual products, computer software, border enforcement and trademarks," a U.S. Embassy spokesman said in Beijing.

"Some progress has been made," the spokesman said of talks aimed at finding a way to end widespread trademark, patent and copyright piracy in China. "But significant differences have yet to be resolved."

Further talks were scheduled throughout the weekend as Beijing raised the stakes in its dispute with Washington over protecting intellectual property in China.

On Friday the official China Daily newspaper reported that a \$2 billion Chinese order for Boeing Co. jetliners could be canceled if Washington imposed punitive tariffs on more than \$1 billion of Chinese goods as it has threatened to do after Feb. 26.

Beijing has already threatened to retaliate against U.S. imports and to exclude U.S. companies seeking to invest in major Chinese projects if Washington refuses to accept its timetable and methods for curbing copyright piracy.

China Southern Airlines said it might turn to Boeing's European rival Airbus Industrie to fill an order for eight Boeing 777 planes and 25 Boeing 737s if the trade dispute widened. China has become one of Boeing's most important export markets.

Earlier in the day, Robert E. Taft, chairman of Chrysler Corp., said in Bangkok that the automaker's proposed \$1 billion minivan project in China had been stalled by the dispute.

*Ford Motor Co. also said* Friday that its expansion plans in China were being hampered by the disagreement.

Ford has plans to invest as much as \$90 million over the next six months in building plants in China to make parts, according to a Bloomberg Business News report from Beijing.

Despite increasing threats that the weaker over patent and copyright protection will spill into the wider commercial arena, the visit of a 70-member U.S. trade delegation to China led by the secretary of energy, Hazel R. O'Leary, will continue as scheduled next week.

"I believe it would be very foolish to halt a long-planned mission involving energy because this rough patch had occurred," Mrs. O'Leary said in Hong Kong. Congress has the long-term measure of power-sector investment with the immediate copyright-protection debate.

"I'm ever aware if the need to resolve that issue, but my business goes on," she said, adding that the U.S. trade representative, Mickey Kantor, whose office is handling the intellectual-property negotiations with China, had briefed her at length on the issue. "We're very clear about the difference of our two portfolios."

In a week of meetings with Chinese officials and power-industry executives, Mrs. O'Leary said she would stress the need for greater transparency and consistency in China's regulatory and licensing procedures.

"People in this industry," she said, "want to know after they have spent millions of dollars on proposals that they are going to get a 'go' or a 'no go.'"

Difficult decisions over the conditions that should be granted to foreign investors in power-generation projects have become hogged down in the political uncertainty surrounding the succession to China's 91-year-old senior leader, Deng Xiaoping, analysts have said.

## IG Metall Strike Looms as Union Rejects Pay Talks

**FRANKFURT** — The IG Metall union rejected a management offer Friday of weekend pay talks and said a strike in the German metalworking industry was now inevitable.

The union's president, Klaus Zwickel, said nothing in management's position had changed and that employers had squandered a last chance for an agreement. IG Metall has called for a strike ballot in the southern German state of Bavaria beginning Monday and said the

Earlier on Friday, the employers' association Gesamtmetall made an offer to the union of weekend talks, saying it would come to the table with concrete proposals. But it also repeated its position that any wage rises had to be accompanied by measures to contain costs in other areas.

Management has not yet made a firm pay offer in response to the union's call for a 6 percent wage increase.

Hans-Joachim Gottschol, president of Gesamtmetall, said the offer of talks had been communicated to IG Metall in the form of a letter, part of which said that the association wanted "above all" to avoid a "social conflict."

Promising that the association would offer wage increases but declining to be specific, Mr. Gottschol said, "Our main and common aim is to ensure that existing jobs are kept and new ones created." Gesamtmetall leaders had gathered in Frankfurt to address the strike threat.

Meanwhile, in Munich, IG Metall was planning how the strike would be organized. Analysts said the trade union intended to target the Bavarian-based automaker Bayerische Motoren Werke AG, or BMW.

Werner Neugebauer, head of the union's Bavarian local, said the union was prepared for a strike. "We are ready for all possible situations," he said.

A strike by IG Metall was only narrowly avoided in 1994 wage negotiations.

(Reuters, AFX, AFP)

## ECONOMIC SCENE

## Falling Dollar: Why Worry?

**By Tom Petrino**  
*Los Angeles Times Service*

**C**ongratulations, of sorts, to the U.S. dollar, which this month marks the 10th anniversary of its bear market. Perhaps in commemoration, currency traders grabbed the buck and shook it again this week, sending it down near its previous lows against the Deutsche mark and the yen.

Ten years of a mostly declining currency might seem nothing to celebrate, especially in light of Mexico's current financial crisis.

But the dollar's long devaluation, which began in January 1985 and has been running intermittently ever since, has been achieved with relatively little of the pain that some economists predicted 10 years ago.

Indeed, the warnings heard this week have been making headlines for a decade — that a falling dollar, whose root problems are a huge federal budget deficit and an equally massive trade deficit, will (1) discourage foreign investment in U.S. securities; (2) boost inflation, and thus interest rates, by raising prices on imported goods; (3) depress Americans' relative standard of living and (4) lower global confidence in the U.S. economy.

Theoretically, all are true. But in practice, investors who have been avoiding U.S. securities because of dollar concerns have badly miscalculated.

"The idea that a weak dollar would have an appreciably negative effect on U.S. financial markets has been a losing bet for a long time," said James Grant, publisher of Grant's Interest Rate Observer newsletter.

The U.S. stock market, as measured by the Dow Jones industrial average, hit a record high this year at more than three times its early 1985 level. Long-term bond yields are lower today than in 1985 despite last year's rate rise.

As for inflation, the "core" consumer price index, excluding food and energy costs, rose 2.6 percent last year, the lowest rise in 29 years.

The dollar doomsmongers have been wrong for a number of reasons, analysts point out. The benefits of a weak dollar—in particular, the pricing advantage for U.S. exporters—may have been underestimated 10 years ago. Helped by the dollar, U.S. industry's global competitiveness has soared, along with sales and earnings for many U.S. companies.

Japanese and German exporters, meanwhile, have had to find ways to cut costs rather than force higher prices on American consumers. Thus, inflation has been contained.

As for declining foreign investment in U.S. stocks, the reason is simple: In most of their own securities 10 years and still do today. Foreign investors own only 5.6 percent of U.S. stocks, which means the well-being of U.S. markets does not depend on foreigners.

Does it really not matter, then, if the dollar begins a fresh slide? That question may be debated a lot in coming months, because new pressures are building on the dollar: the threat of a slowing U.S. economy, fallout from the U.S.-engineered Mexican bailout plan and the possibility of higher interest rates in Europe, which could cause more investment there and less in the United States.

If the past 10 years are any guide, however, any serious efforts to shore up weakness on U.S. securities will be short-lived.

## Trump Sues Landmark Leaseholders

**By Kenneth N. Gilpin**  
*New York Times Service*

**NEW YORK** — Donald J. Trump, the financier who last summer gained a 50 percent interest in the Empire State Building without investing a penny, has filed a \$100 million eviction suit against the building's management company and others, claiming lease violations.

Trump Empire State Partners claimed that Empire State Building Co., holder of the operating sublease on the building since 1961, had allowed the 102-story landmark to deteriorate into a "second-rate, rodent-infested" office tower.

The lawsuit, filed Wednesday in state Supreme Court in Manhattan, followed a notice of violations the Trump group sent in December to Empire State Building Associates, holder of the master lease on the building. The suit also comes at a time when the ownership of the building itself has been challenged.

Many of the items in the lease have not been lived up to," Mr. Trump said. "If that is the case, the owner is going to be terminated in court."

A spokesman for the building's operators called the suit a "specious and frivolous fiction."

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Frankfurt	1.648	2.082	1.271	1.825	3.857	—	5.607	1.536	1.785
London	1.484	2.342	—	1.876	3.951	—	4.897	—	1.887
Madrid	1.572	—	—	1.872	1.937	1.937	2.075	—	4.871
Paris	1.648	2.082	1.271	1.825	3.857	—	5.607	1.536	1.785
Porto	1.572	—	—	1.872	1.937	1.937	2.075	—	4.871
Tokyo	1.648	2.082	1.271	1.825	3.857	—	5.607	1.536	1.785
Yokohama	1.648	2.082	1.271	1.825	3.857	—	5.607	1.536	1.785
Other Cities	1.648	2.082	1.271	1.825	3.857	—	5.607	1.536	1.785

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Austral.	1.200
Austral.	18.44
Brazil real	0.84
Chinese yuan	4.251
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Colonial dollar	5.667
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3 months	6-1/4	4-1/4	3-1/2	4-1/2	5-1/2	5-1/2	5-1/2
6 months	6-1/4	4-1/4	3-1/2	4-1/2	5-1/2	5-1/2	5-1/2
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Commercial CD	5.00	5.00	3-month interest
Cash, paper 100 days	6.12	6.12	6-month interest
3-month Treasury bill	6.12	6.12	9-month interest
6-month Treasury bill	6.12	6.12	1-year interest
9-month Treasury bill	6.12	6.12	1-year interest
1-year Treasury bill	6.12	6.12	1-year interest
2-year Treasury bill	6.12	6.12	2-year interest
3-year Treasury bill	6.12	6.12	3-year interest
4-year Treasury bill	6.12	6.12	4-year interest
5-year Treasury bill	6.12	6.12	5-year interest
6-year Treasury bill	6.12	6.12	6-year interest
7-year Treasury bill	6.12	6.12	7-year interest
8-year Treasury bill	6.12	6.12	8-year interest
9-year Treasury bill	6.12	6.12	9-year interest
10-year Treasury bill	6.12	6.12	10-year interest
11-year Treasury bill	6.12	6.12	11-year interest
12-year Treasury bill	6.12	6.12	12-year interest
13-year Treasury bill	6.12	6.12	13-year interest
14-year Treasury bill	6.12	6.12	14-year interest
15-year Treasury bill	6.12	6.12	15-year interest
16-year Treasury bill	6.12	6.12	16-year interest
17-year Treasury bill	6.12	6.12	17-year interest
18-year Treasury bill	6.12	6.12	18-year interest
19-year Treasury bill	6.12	6.12	19-year interest
20-year Treasury bill	6.12	6.12	20-year interest
21-year Treasury bill	6.12	6.12	21-year interest
22-year Treasury bill	6.12	6.12	22-year interest
23-year Treasury bill	6.12	6.12	23-year interest
24-year Treasury bill	6.12	6.12	24-year interest
25-year Treasury bill	6.12	6.12	25-year interest
26-year Treasury bill	6.12	6.12	26-year interest
27-year Treasury bill	6.12	6.12	27-year interest
28-year Treasury bill	6.12	6.12	28-year interest
29-year Treasury bill	6.12	6.12	29-year interest
30-year Treasury bill	6.12	6.12	30-year interest
31-year Treasury bill	6.12	6.12	31-year interest
32-year Treasury bill	6.12	6.12	32-year interest
33-year Treasury bill	6.12	6.12	33-year interest
34-year Treasury bill	6.12	6.12	34-year interest
35-year Treasury bill	6.12	6.12	35-year interest
36-year Treasury bill	6.12	6.12	36-year interest
37-year Treasury bill	6.12	6.12	37-year interest
38-year Treasury bill	6.12	6.12	38-year interest
39-year Treasury bill	6.12	6.12	39-year interest
40-year Treasury bill	6.12	6.12	40-year interest
41-year Treasury bill	6.12	6.12	41-year interest
42-year Treasury bill	6.12	6.12	42-year interest
43-year Treasury bill	6.12	6.12	43-year interest
44-year Treasury bill	6.12	6.12	44-year interest
45-year Treasury bill	6.12	6.12	45-year interest
46-year Treasury bill	6.12	6.12	46-year interest
47-year Treasury bill	6.12	6.12	47-year interest
48-year Treasury bill	6.12	6.12	48-year interest
49-year Treasury bill	6.12	6.12	49-year interest
50-year Treasury bill	6.12	6.12	50-year interest
51-year Treasury bill	6.12	6.12	51-year interest
52-year Treasury bill	6.12	6.12	52-year interest
53-year Treasury bill	6.12	6.12	53-year interest
54-year Treasury bill	6.12	6.12	54-year interest
55-year Treasury bill	6.12	6.12	55-year interest
56-year Treasury bill	6.12	6.12	56-year interest
57-year Treasury bill	6.12	6.12	57-year interest
58-year Treasury bill	6.12	6.12	58-year interest
59-year Treasury bill	6.12	6.12	59-year interest
60-year Treasury bill	6.12	6.12	60-year interest
61-year Treasury bill	6.12	6.12	61-year interest
62-year Treasury bill	6.12	6.12	62-year interest
63-year Treasury bill	6.12	6.12	63-year interest
64-year Treasury bill	6.12	6.12	64-year interest
65-year Treasury bill	6.12	6.12	65-year interest
66-year Treasury bill	6.12	6.12	66-year interest
67-year Treasury bill	6.12	6.12	67-year interest
68-year Treasury bill	6.12	6.12	68-year interest
69-year Treasury bill	6.12	6.12	69-year interest
70-year Treasury bill	6.12	6.12	70-year interest
71-year Treasury bill	6.12	6.12	71-year interest
72-year Treasury bill	6.12	6.12	72-year interest
73-year Treasury bill	6.12	6.12	73-year interest
74-year Treasury bill	6.12	6.12	74-year interest
75-year Treasury bill	6.12	6.12	75-year interest
76-year Treasury bill	6.12	6.12	76-year interest
77-year Treasury bill	6.12	6.12	77-year interest
78-year Treasury bill	6.12	6.12	78-year interest
79-year Treasury bill	6.12	6.12	79-year interest
80-year Treasury bill	6.12	6.12	80-year interest
81-year Treasury bill	6.12	6.12	81-year interest
82-year Treasury bill	6.12	6.12	82-year interest
83-year Treasury bill	6.12	6.12	83-year interest
84-year Treasury bill	6.12	6.12	84-year interest
85-year Treasury bill	6.12	6.12	85-year interest
86-year Treasury bill	6.12	6.12	86-year interest
87-year Treasury bill	6.12	6.12	87-year interest
88-year Treasury bill	6.12	6.12	88-year interest
89-year Treasury bill	6.12	6.12	89-year interest
90-year Treasury bill	6.12	6.12	90-year interest
91-year Treasury bill	6.12	6.12	91-year interest
92-year Treasury bill	6.12	6.12	92-year interest
93-year Treasury bill	6.12	6.12	93-year interest
94-year Treasury bill	6.12	6.12	94-year interest
95-year Treasury bill	6.12	6.12	95-year interest
96-year Treasury bill	6.12	6.12	96-year interest
97-year Treasury bill	6.12	6.12	97-year interest
98-year Treasury bill	6.12	6.12	98-year interest
99-year Treasury bill	6.12	6.12	99-year interest
100-year Treasury bill	6.12	6.12	100-year interest

Gold

	A.M.	P.M.	Chge
Zurich	375.52	375.52	—
London	375.52	375.52	—
New York	373.30	380.00	+2.00

Forward Rates

Currency	30-day	45-day	1-yr
Argent. peso	1.000	1.000	1.000
Austral.	1.492	1.452	1.418
Swiss franc	1.254	1.258	1.247

Key Money Rates

United States	Cash	Prev.	Article
Discount rate	9.00	9.00	Bank money rate
Prime rate	9.00	9.00	Call money
Federal Reserve	5.00	5.00	1-month interest
Commercial CD	5.00	5.00	3-month interest
Cash, paper 100 days	6.12	6.12	6-month interest
3-month Treasury bill	6.12	6.12	9-month interest
6-month Treasury bill	6.12	6.12	1-year interest
9-month Treasury bill	6.12	6.12	1-year interest
1-year Treasury bill	6.12	6.12	1-year interest
2-year Treasury bill	6.12	6.12	2-year interest
3-year Treasury bill	6.12	6.12	3-year interest
4-year Treasury bill	6.12	6.12	4-year interest
5-year Treasury bill	6.12	6.12	5-year interest
6-year Treasury bill	6.12	6.12	6-year interest
7-year Treasury bill	6.12	6.12	7-year interest
8-year Treasury bill	6.12	6.12	8-year interest
9-year Treasury bill	6.12	6.12	9-year interest
10-year Treasury bill	6.12	6.12	10-year interest
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12-year Treasury bill	6.12	6.12	12-year interest
13-year Treasury bill	6.12	6.12	13-year interest
14-year Treasury bill	6.12	6.12	14-year interest
15-year Treasury bill	6.12	6.12	15-year interest
16-year Treasury bill	6.12	6.12	16-year interest
17-year Treasury bill	6.12	6.12	17-year interest
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25-year Treasury bill	6.12	6.12	25-year interest
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27-year Treasury bill	6.12	6.12	27-year interest
28-year Treasury bill	6.12	6.12	28-year interest
29-year Treasury bill	6.12	6.12	29-year interest
30-year Treasury bill	6.12	6.12	30-year interest
31-year Treasury bill	6.12	6.12	31-year interest
32-year Treasury bill	6.12	6.12	32-year interest
33-year Treasury bill	6.12	6.12	33-year interest
34-year Treasury bill	6.12	6.12	34-year interest
35-year Treasury bill	6.12	6.12	35-year interest
36-year Treasury bill	6.12	6.12	36-year interest
37-year Treasury bill	6.12	6.12	37-year interest
38-year Treasury bill	6.12	6.12	38-year interest
39-year Treasury bill	6.12	6.12	39-year interest
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41-year Treasury bill	6.12	6.12	41-year interest
42-year Treasury bill	6.12	6.12	42-year interest
43-year Treasury bill	6.12	6.12	43-year interest
44-year Treasury bill	6.12	6.12	44-year interest
45-year Treasury bill	6.12	6.12	45-year interest
46-year Treasury bill	6.12	6.12	46-year interest
47-year Treasury bill	6.12	6.12	47-year interest
48-year Treasury bill	6.12	6.12	48-year interest
49-year Treasury bill	6.12	6.12	49-year interest
50-year Treasury bill	6.12	6.12	50-year interest
51-year Treasury bill	6.12	6.12	51-year interest
52-year Treasury bill	6.12	6.12	52-year interest
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54-year Treasury bill	6.12	6.12	54-year interest
55-year Treasury bill	6.12	6.12	55-year interest
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67-year Treasury bill	6.12	6.12	67-year interest
68-year Treasury bill	6.12	6.12	68-year interest
69-year Treasury bill	6.12	6.12	69-year interest
70-year Treasury bill	6.12	6.12	70-year interest
71-year Treasury bill	6.12	6.12	71-year interest
72-year Treasury bill	6.12	6.12	72-year interest
73-year Treasury bill	6.12	6.12	73-year interest
74-year Treasury bill	6.12	6.12	74-year interest
75-year Treasury bill	6.12	6.12	75-year interest
76-year Treasury bill	6.12	6.12	76-year interest
77-year Treasury bill	6.12	6.12	77-year interest
78-year Treasury bill	6.12	6.12	78-year interest
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84-year Treasury bill	6.12	6.12	84-year interest
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86-year Treasury bill	6.12	6.12	86-year interest
87-year Treasury bill	6.12	6.12	87-year interest
88-year Treasury bill	6.12	6.12	88-year interest
89-year Treasury bill	6.12	6.12	89-year interest
90-year Treasury bill	6.12	6.12	90-year interest
91-year Treasury bill	6.12	6.12	91-year interest
92-year Treasury bill	6.12	6.12	92-year interest
93-year Treasury bill	6.12	6.12	93-year interest
94-year Treasury bill	6.12	6.12	94-year interest
95-year Treasury bill	6.12	6.12	95-year interest
96-year Treasury bill	6.12	6.12	96-year interest
97-year Treasury bill	6.12	6.12	97-year interest
98-year Treasury bill	6.12	6.12	98-year interest
99-year Treasury bill	6.12	6.12	99-year interest
100-year Treasury bill	6.12	6.12	100-year interest

Gold

	A.M.	P.M.	Chge
Zurich	375.52	375.52	—
London	375.52	375.52	—
New York	373.30	380.00	+2.00

Forward Rates

Currency	30-day	45-day	1-yr
Argent. peso	1.000	1.000	1.000
Austral.	1.492	1.452	1.418
Swiss franc	1.254	1.258	1.247

Key Money Rates

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9-month Treasury bill	6.12	6.12	1-year interest
1-year Treasury bill	6.12	6.12	1-year interest
2-year Treasury bill	6.12	6.12	2-year interest
3-year Treasury bill	6.12	6.12	3-year interest
4-year Treasury bill	6.12	6.12	4-year interest
5-year Treasury bill	6.12	6.12	5-year interest
6-year Treasury bill	6.12	6.12	6-year interest
7-year Treasury bill	6.12	6.12	7-year interest
8-year Treasury bill	6.12	6.12	8-year interest
9-year Treasury bill	6.12	6.12	9-year interest
10-year Treasury bill	6.12	6.12	10-year interest
11-year Treasury bill	6.12	6.12	11-year interest
12-year Treasury bill	6.12	6.12	12-year interest
13-year Treasury bill	6.12	6.12	13-year interest
14-year Treasury bill	6.12	6.12	14-year interest
15-year Treasury bill	6.12	6.1	



## MARKET DIARY

## Stock Prices Slip From Their Peak

Compiled by Our Staff From Dispatches

**NEW YORK** — Stocks fell Friday, following bonds and the dollar lower, as traders realized that although a slowdown in the U.S. economy is good news for inflation, it can be bad news for company earnings.

A warning from Motorola that sales of its cellular phones had slowed sent technology shares lower.

The warning was viewed by some as an early sign that the economy's long-anticipated slowdown was beginning to take hold.

The Dow Jones industrial average dropped precipitously 15 minutes before the final bell when options on stock indexes and individual stocks expired simultaneously. An option gives its purchaser the right, but not the obligation, to buy or sell something at an agreed price by a given time.

The Dow closed 33.98 points lower at 3,953.54. Advancing issues outnumbered declining ones by a 4-to-3 margin on the New York Stock Exchange, where about 350 million shares changed hands, compared to 360 million on Thursday. Before the options expiration, the Dow had lost about 9 points.

The Standard & Poor's 500 index, dragged down by Motorola, fell 3.25 points to 481.97. The price of the 30-year Treasury bond fell 3/32 to 100 15/32, pushing the yield up to 7.58 percent from 7.57 percent.

On Thursday, the Dow and the S&P 500 indexes reached new highs. The Dow industrials have gained about 3 percent since the end of January amid growing confidence that interest rates will not rise further.

But the dollar's recent weakness has led investors to worry that the Federal Reserve may have to raise interest rates to support the currency. Higher rates tend to hurt stocks because they make fixed-income investments more attractive.

Technology companies whose stocks fell after Motorola's announcement included Compaq Computer, which ended down 1 1/4 at 36 1/4. Digital Equipment fell 1/2 to 35 1/4, and Lotus Development dropped 1/4 to 45 1/4.

Long-distance telephone companies fell for the second day in a row, after AT&T Corp. announced plans for a series of rate cuts.

AT&T fell 1/2 to 50 1/4. Its main competitors also fell. (Bloomberg, AP)

## TRADE: Record Deficit in Goods

Continued from Page 9

growth rate slows, cutting demand for foreign goods.

December's deficit figure included a \$12.66 billion deficit on goods trade that was offset by a \$3.32 billion surplus on services.

Exports in December were up 3.2 percent, to \$63.57 billion.

**Foreign Exchange**

while imports fell from November levels by 1 percent, to \$70.91 billion.

But the full-year trade deficit in 1994 was the highest since a \$114.8 billion shortfall in 1988. The goods deficit alone last year was a record \$166.3 billion — surpassing the previous record of \$159.7 billion in 1987 — while the surplus on services trade posted a modest 2.3 percent increase, to \$58.18 billion.

The trade figures would have looked even worse except for a fall in oil prices in 1994. The average price per barrel was \$14.22, the lowest since 1988. With the price decline, the United States' foreign oil bill last year totaled \$49.58 billion, down 1.3 percent from 1993. (Reuters, AP, Bloomberg)

## Dollar Hits a Low Mark

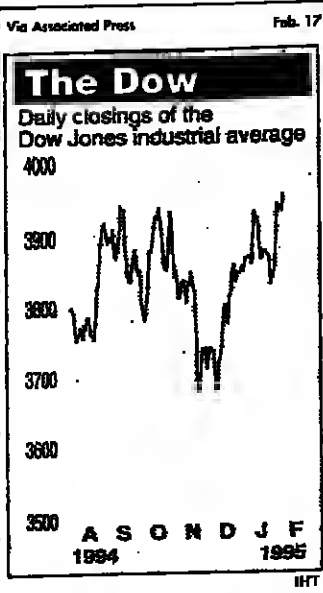
The dollar on Friday slumped to a 28-month low against the Deutsche mark and fell against other major currencies ahead of a U.S. holiday weekend amid concern that repercussions from Mexico's ongoing financial crisis would hurt the U.S. economy.

In late trading the dollar fell to 1.4810 DM from 1.4890 DM on Thursday.

Against the Japanese currency, the dollar slipped to 97.300 yen from 97.405 yen. The dollar's plunge prompted speculation that the Federal Reserve might start buying dollars to support the ailing currency. For a time, such talk served to bolster the dollar, but fear of Fed buying waned as the dollar slumped again, currency traders said.

The pound rose to \$1.5825 from \$1.5785. Against the Swiss franc, the dollar fell to 1.2525 francs from 1.2602 francs. The U.S. currency also was down to 5.1540 French francs from 5.1800.

Most U.S. markets will be closed Monday for Presidents' Day.



**NYSE Most Active**

Symbol	High	Low	Close	Chg.
IBM	100.00	99.00	99.00	-1.00
Microsoft	45.00	44.00	44.00	-1.00
Apple	35.00	34.00	34.00	-1.00
Oracle	25.00	24.00	24.00	-1.00
Sun	15.00	14.00	14.00	-1.00
HP	10.00	9.00	9.00	-1.00
Intel	5.00	4.00	4.00	-1.00
Motorola	3.00	2.00	2.00	-1.00
AT&T	2.00	1.00	1.00	-1.00
Verizon	1.00	0.50	0.50	-0.50

**NASDAQ Most Active**

Symbol	High	Low	Close	Chg.
IBM	100.00	99.00	99.00	-1.00
Microsoft	45.00	44.00	44.00	-1.00
Apple	35.00	34.00	34.00	-1.00
Oracle	25.00	24.00	24.00	-1.00
Sun	15.00	14.00	14.00	-1.00
HP	10.00	9.00	9.00	-1.00
Intel	5.00	4.00	4.00	-1.00
Motorola	3.00	2.00	2.00	-1.00
AT&T	2.00	1.00	1.00	-1.00
Verizon	1.00	0.50	0.50	-0.50

**AMEX Most Active**

Symbol	High	Low	Close	Chg.
IBM	100.00	99.00	99.00	-1.00
Microsoft	45.00	44.00	44.00	-1.00
Apple	35.00	34.00	34.00	-1.00
Oracle	25.00	24.00	24.00	-1.00
Sun	15.00	14.00	14.00	-1.00
HP	10.00	9.00	9.00	-1.00
Intel	5.00	4.00	4.00	-1.00
Motorola	3.00	2.00	2.00	-1.00
AT&T	2.00	1.00	1.00	-1.00
Verizon	1.00	0.50	0.50	-0.50

**Market Sales**

Market	Volume	Value
NYSE	1,234,567,890	\$123,456,789,012
AMEX	123,456,789	\$12,345,678,901
NASDAQ	987,654,321	\$98,765,432,109

**Dow Jones Averages**

Index	High	Low	Close	Chg.
Indus	3960.45	3953.54	3953.54	-6.91
Transp	1200.14	1197.40	1197.40	-2.74
Comp	1204.38	1200.14	1200.14	-4.24

**Standard & Poor's Indexes**

Index	High	Low	Close	Chg.
Indus	481.97	481.97	481.97	-3.25
Transp	1200.14	1197.40	1197.40	-2.74
Comp	1204.38	1200.14	1200.14	-4.24

**NYSE Indexes**

Index	High	Low	Close	Chg.
Indus	3960.45	3953.54	3953.54	-6.91
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**NASDAQ Indexes**

Index	High	Low	Close	Chg.
Indus	481.97	481.97	481.97	-3.25
Transp	1200.14	1197.40	1197.40	-2.74
Comp	1204.38	1200.14	1200.14	-4.24

**AMEX Stock Index**

Index	High	Low	Close	Chg.
Indus	3960.45	3953.54	3953.54	-6.91
Transp	1200.14	1197.40	1197.40	-2.74
Comp	1204.38	1200.14	1200.14	-4.24

**Dow Jones Bond Averages**

Bond	High	Low	Close	Chg.
30 Year	100 15/32	100 15/32	100 15/32	+3/32
10 Year	97 3/8	97 3/8	97 3/8	+1/8
5 Year	95 1/2	95 1/2	95 1/2	+1/4

**NYSE Diary**

Category	High	Low	Close	Chg.
Advanced	100.00	99.00	99.00	-1.00
Declined	45.00	44.00	44.00	-1.00
Unchanged	35.00	34.00	34.00	-1.00
New Highs	25.00	24.00	24.00	-1.00
New Lows	15.00	14.00	14.00	-1.00

**AMEX Diary**

Category	High	Low	Close	Chg.
Advanced	100.00	99.00	99.00	-1.00
Declined	45.00	44.00	44.00	-1.00
Unchanged	35.00	34.00	34.00	-1.00
New Highs	25.00	24.00	24.00	-1.00
New Lows	15.00	14.00	14.00	-1.00

**NASDAQ Diary**

Category	High	Low	Close	Chg.
Advanced	100.00	99.00	99.00	-1.00
Declined	45.00	44.00	44.00	-1.00
Unchanged	35.00	34.00	34.00	-1.00
New Highs	25.00	24.00	24.00	-1.00
New Lows	15.00	14.00	14.00	-1.00

**Spot Commodities**

Commodity	Today	Prev.
Aluminum	1.03	1.03
Steel	21.00	21.00
Iron	21.00	21.00
Steel	21.00	21.00
Steel	21.00	21.00
Steel	21.00	21.00

**EUROPEAN FUTURES**

Index	High	Low	Close	Chg.
ALUMINUM	100.00	99.00	99.00	-1.00
STEEL	45.00	44.00	44.00	-1.00
IRON	35.00	34.00	34.00	-1.00
STEEL	25.00	24.00	24.00	-1.00
IRON	15.00	14.00	14.00	-1.00
STEEL	5.00	4.00	4.00	-1.00
IRON	3.00	2.00	2.00	-1.00
STEEL	2.00	1.00	1.00	-1.00
IRON	1.00	0.50	0.50	-0.50

**Metals**

Index	High	Low	Close	Chg.
ALUMINUM	100.00	99.00	99.00	-1.00
STEEL	45.00	44.00	44.00	-1.00
IRON	35.00	34.00	34.00	-1.00
STEEL	25.00	24.00	24.00	-1.00
IRON	15.00	14.00	14.00	-1.00
STEEL	5.00	4.00	4.00	-1.00
IRON	3.00	2.00	2.00	-1.00
STEEL	2.00	1.00	1.00	-1.00
IRON	1.00	0.50	0.50	-0.50

**Stock Indexes**

Index	High	Low	Close	Chg.
ALUMINUM	100.00	99.00	99.00	-1.00
STEEL	45.00	44.00	44.00	-1.00
IRON	35.00	34.00	34.00	-1.00
STEEL	25.00	24.00	24.00	-1.00
IRON	15.00	14.00	14.00	-1.00
STEEL	5.00	4.00	4.00	-1.00
IRON	3.00	2.00	2.00	-1.00
STEEL	2.00	1.00	1.00	-1.00
IRON	1.00	0.50	0.50	-0.50

**Financial**

Index	High	Low	Close	Chg.
ALUMINUM	100.00	99.00	99.00	-1.00
STEEL	45.00	44.00	44.00	-1.00
IRON	35.00	34.00	34.00	-1.00
STEEL	25.00	24.00	24.00	-1.00
IRON	15.00	14.00	14.00	-1.00
STEEL	5.00	4.00	4.00	-1.00
IRON	3.00	2.00	2.00	-1.00
STEEL	2.00	1.00	1.00	-1.00
IRON	1.00	0.50	0.50	-0.50

**3-MONTH STERLING (LIPFED)**

Index	High	Low	Close	Chg.
ALUMINUM	100.00	99.00	99.00	-1.00
STEEL	45.00	44.00	44.00	-1.00
IRON	35.00	34.00	34.00	-1.00
STEEL	25.00	24.00	24.00	-1.00
IRON	15.00	14.00	14.00	-1.00
STEEL	5.00	4.00	4.00	-1.00
IRON	3.00	2.00	2.00	-1.00
STEEL	2.00	1.00	1.00	-1.00
IRON	1.00	0.50	0.50	-0.50

**3-MONTH EURO (LIPFED)**

Index	High	Low	Close	Chg.
ALUMINUM	100.00	99.00	99.00	-1.00
STEEL	45.00	44.00	44.00	-1.00
IRON	35.00	34.00	34.00	-1.00
STEEL	25.00	24.00	24.00	-1.00
IRON	15.00	14.00	14.00	-1.00
STEEL	5.00	4.00	4.00	-1.00
IRON	3.00	2.00	2.00	-1.00
STEEL	2.00	1.00	1.00	-1.00
IRON	1.00	0.50	0.50	-0.50

**3-MONTH EURO (LIPFED)**

Index	High	Low	Close	Chg.
ALUMINUM	100.00	99.00	99.00	-1.00
STEEL	45.00	44.00	44.00	-1.00
IRON	35.00	34.00	34.00	-1.00
STEEL	25.00	24.00	24.00	-1.00
IRON	15.00	14.00	14.00	-1.00
STEEL	5.00	4.00	4.00	-1.00
IRON	3.00	2.00	2.00	-1.00
STEEL	2.00	1.00	1.00	-1.00
IRON	1.00	0.50	0.50	-0.50

was also strengthened by details of the \$20 billion U.

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## U.S. FUTURE

Via Associated Press

Session High	Session Low	Open	High	Low	C
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### Grains

WHEAT (CHICAGO)	COAL	COCAINE	COFFEE	CORN	COTTON	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI	CRAI
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EUROPE

# Key Arab Nations Reject Proposal For Mideast Bank

By Youssef M. Ibrahim  
New York Times Service

PARIS — A proposal championed by the United States and Israel to create a Middle East Development Bank appears to have been dealt a major blow by Arab countries, with officials saying that they will either finance such a bank nor take part in it.

The unusually forceful stand by the diplomatically timid Persian Gulf countries appears to be part of an Arab retreat from further normalization with Israel.

The bank proposal was a key part of the U.S. approach to the Middle East peace effort, intended to integrate Israel into regional Arab economies through joint development projects.

The idea was resisted for months by several Arab countries that had been expected to be donors to the bank. The countries, mostly members of the Gulf Cooperation Council, led by Saudi Arabia, are Kuwait, Qatar, Bahrain, the United Arab Emirates and Oman.

The plan was supported by other Arab nations including Egypt and Jordan, as well as the Palestine Liberation Organization and Israel, all of which expected the bank to be a source of additional financing.

Now, officials and columnists in the Persian Gulf countries are going further in their resistance, arguing in statements and editorial commentary that wider economic cooperation with Israel will have to wait until peace has been established.

In a news conference timed to coincide with a weekend visit by the American secretary of commerce, Ronald H. Brown, to the United Arab Emirates, Ahmad bin Humayd Tayir, the minister of state for financial and industrial affairs, said, "The Arab world is not in need of an institution or a development bank in which Israel participates."

He added: "Before talking or thinking of establishing a common Middle East market, some balance in security and economic interests between the Arabs and Israel must be established, and the Arab world's interests must be assured."

A Saudi official said earlier that any talk of regional cooperation with Israel was "premature" until Israeli troops left Arab-occupied lands in the West Bank, Gaza, Syria and Lebanon.

The comments reflect a palpable cooling of the enthusiasm that followed Israeli peace treaties with the PLO and Jordan last year.

# U.K. Utility Bids to Halt Takeover

Compiled by Our Staff From Dispatches

LONDON — Northern Electric PLC offered shareholders a special dividend and other incentives Friday in a last-ditch effort to thwart a hostile takeover of the British utility by Trafalgar House PLC.

The company valued its offer of cash and shares at £628 million (\$990 million) but said it would not be paid out unless the shareholders rejected Trafalgar's £1.2 billion bid for the utility.

Northern's offer included a one-time dividend of £1.50 a share, payable before the end of April, and a new preference share with a value of at least £1. The preference share would carry a fixed dividend, which has yet to be determined, and shareholders could either take the shares or sell them right away for their minimum value.

The company said the proposal, if implemented, would reduce the value of Trafalgar's cash offer of £10.48 a share to

£5.41 by subtracting the benefits it seeks to give directly to shareholders.

After the bonus payments, said Ian Graham, a utility analyst at NatWest Securities, Northern shares would still be worth about £7 to £8, based on the company's promise of raising dividends through March 1997.

Northern has pledged that its annual dividend would rise to 37.3 pence a share for the year that ends in March 1996 and to 42.1 pence for the following year.

The company, like other cash-rich British utilities with little or no debt, can easily afford its proposed largesse, analysts said.

The company also reiterated its pledge to pass along to stockholders the value of its 6.5 percent stake in National Grid Co. when it is spun off this year.

It said analysts had valued Northern's stake in the Grid, which operates Britain's high-voltage transmission wires, at between

£2.04 and £2.83 a share, with an average value of £2.57 a share. National Grid is valued at between £3.6 billion and £5 billion.

Northern was forced into making its offer after the British government refused Tuesday to delay Trafalgar's bid, analysts said. London dismissed arguments that utility customers would lose out if the bid succeeded.

The chairman of Northern, David Morris, urged shareholders to reject the Trafalgar bid.

"You would be giving up significant value by accepting the Trafalgar House offer," he said. "A continuing investment in Northern Electric would be worth significantly more to you."

Nevertheless, analysts predicted that despite the new offer, Northern's board would lose its battle against Trafalgar.

"I think Northern is gone," Michael Cohen of Solomon Brothers said. "It's over."

But some analysts predicted

that Trafalgar would have to sweeten its offer for Northern. "Trafalgar will have to seriously consider raising its bid," said Nigel Hawkins, a utility analyst at Hoare Givett Ltd. "Northern is throwing the kitchen sink out there to win the hearts and minds of shareholders."

Trafalgar officials could not be reached immediately for comment. Northern forecast pretax profit of not less than £150 million for the year that ends March 31, an increase of at least 16 percent from the previous year, and predicted total net dividends of 33 pence a share, up by a third.

It also said pretax profit for the year would be at least £150 million, up 16 percent from £128.7 million in the previous year.

Northern shares hit a high of 1,300 pence after the board's offer. The stock closed at 1,112, up 19.

(Reuters, Bloomberg, AFX)

# French Tobacco-Firm Issue Smolders

Compiled by Our Staff From Dispatches

PARIS — About 1 million private investors have bid to buy shares in the state-owned tobacco company SEITA, oversubscribing by 3.9 times a public offering launched this year. Finance Minister Edmond Alphandery said Friday.

Because of high demand from private investors, the number of shares allocated to institutional investors will be reduced by 20 percent, raising the number of shares sold to private investors to 1.6 million.

The government hopes to raise between 4 billion and 6 billion francs (\$770 million to \$1.1 billion) by selling 90 percent of the capital of Société d'Exploitation Industrielle des Tabacs et des Allumettes.

In all, the government is selling about 26 million shares. Shares were sold to private

investors at 129 francs each, while institutions have to pay 133 francs each.

More than 75 percent of SEITA's employees bid for shares that were reserved for them. The tobaccoists owned just 5 percent of the shares reserved for them.

Mr. Alphandery said the government would not privatize any more companies until after the presidential elections, which will be held April 23 and May 7.

He said, however, that the government was continuing to prepare to privatize other companies, including Assurances Générales de France and Groupe Usinor-Sacilor.

Since 1993, the government has privatized a handful of companies, including Banque Nationale de Paris, Rhône-Poulenc SA and Union des Assurances de Paris. The government has no plans to fully

privatize Renault, Mr. Alphandery added. The carmaker was partly sold off in 1994.

(AFX, Bloomberg, Knight-Ridder)

**Bull Posts \$377 Million Loss for '94**  
Groupe Bull said its net loss narrowed to 1.96 billion francs (\$377 million) in 1994 from 5.07 billion francs in 1993, AFX News reported.

The government, which owns most of Bull, plans to privatize the company soon and is seeking a "core" group to take a total of 10 percent in the computer maker. NEC Corp. of Japan and International Business Machines Corp. currently hold small stakes in Bull.

The 1994 results included provisions for restructuring totaling 1.30 billion francs, compared with 1.65 billion francs in 1993.

# Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
2300	3300	2100
2200	3200	2000
2100	3100	1900
2000	3000	1800
1900	2900	1700
1800	2800	1600
1700	2700	1500
1600	2600	1400
1500	2500	1300
1400	2400	1200
1300	2300	1100
1200	2200	1000
1100	2100	900
1000	2000	800
900	1900	700
800	1800	600
700	1700	500
600	1600	400
500	1500	300
400	1400	200
300	1300	100
200	1200	0
100	1100	-100
0	1000	-200
-100	900	-300
-200	800	-400
-300	700	-500
-400	600	-600
-500	500	-700
-600	400	-800
-700	300	-900
-800	200	-1000
-900	100	-1100
-1000	0	-1200

# Very briefly:

- Compagnie Générale des Eaux, the French industrial services concern, said U.S.-based SBC Communications Inc., formerly Southwestern Bell Corp., would acquire a 10 percent stake in its cable TV unit, Compagnie Générale de Télécommunications.
- Istituto per la Ricostruzione Industriale SpA, the state-controlled Italian conglomerate, said its laminated flat-steel products unit Iva Laminati Plast, which is being privatized, would post 1994 net profit of around 700 billion lire (\$436 million).
- Uzbekistan drafted an ambitious privatization program to try to cure its economic problems; the plan calls for selling off leading companies in the mining, fuel and cotton industries.
- Incentive AB, a Swedish industrial concern, set a price of 85 kronor (\$11.50) a share for institutional investors for the planned relisting of its Cardo AB unit on the Stockholm bourse.
- Spain's unemployment rate rose to 23.9 percent in the fourth quarter from 23.8 percent in the third quarter.
- Svenska Stålfabrikerna AB, a Swedish steelmaker, said its pretax profit more than doubled in 1994 to 2.14 billion kronor.
- LM Ericsson AB's chairman expects the Swedish telecommunications concern's mobile-telephone sales to account for 75 percent of its total revenue within a few years, with one-third of overall sales to come from Asia.
- Finland's trade surplus in 1994 was 33.6 billion markka (\$7.2 billion), up from 30.9 billion markka in 1993, and its producer prices rose 0.4 percent in January from December and 3.3 percent from January 1994.
- Levi Strauss & Co. said about 2,000 pairs of jeans falsely bearing its label had been seized by police in Johannesburg, Durban and Cape Town, South Africa.
- West German monthly wages rose 1.6 percent in 1994, while the average working week became 0.4 percent shorter, at 37 hours and 40 minutes.

(AFX, Bloomberg, AP, AFP)

# NYSE

Friday's 4 p.m. Close  
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

12 Month High	Low	Div	Yld	PE	100s	High	Low	Latest	Chg
100	90	1.00	4.00	22.5	100	100	90	100	+10
200	180	2.00	4.00	22.5	200	200	180	200	+20
300	270	3.00	4.00	22.5	300	300	270	300	+30
400	360	4.00	4.00	22.5	400	400	360	400	+40
500	450	5.00	4.00	22.5	500	500	450	500	+50
600	540	6.00	4.00	22.5	600	600	540	600	+60
700	630	7.00	4.00	22.5	700	700	630	700	+70
800	720	8.00	4.00	22.5	800	800	720	800	+80
900	810	9.00	4.00	22.5	900	900	810	900	+90
1000	900	10.00	4.00	22.5	1000	1000	900	1000	+100

12 Month High	Low	Div	Yld	PE	100s	High	Low	Latest	Chg
100	90	1.00	4.00	22.5	100	100	90	100	+10
200	180	2.00	4.00	22.5	200	200	180	200	+20
300	270	3.00	4.00	22.5	300	300	270	300	+30
400	360	4.00	4.00	22.5	400	400	360	400	+40
500	450	5.00	4.00	22.5	500	500	450	500	+50
600	540	6.00	4.00	22.5	600	600	540	600	+60
700	630	7.00	4.00	22.5	700	700	630	700	+70
800	720	8.00	4.00	22.5	800	800	720	800	+80
900	810	9.00	4.00	22.5	900	900	810	900	+90
1000	900	10.00	4.00	22.5	1000	1000	900	1000	+100

12 Month High	Low	Div	Yld	PE	100s	High	Low	Latest	Chg
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400	360	4.00	4.00	22.5	400	400	360	400	+40
500	450	5.00	4.00	22.5	500	500	450	500	+50
600	540	6.00	4.00	22.5	600	600	540	600	+60
700	630	7.00	4.00	22.5	700	700	630	700	+70
800	720	8.00	4.00	22.5	800	800	720	800	+80
900	810	9.00	4.00	22.5	900	900	810	900	+90
1000	900	10.00	4.00	22.5	1000	1000	900	1000	+100

# CAKES: Sara Lee's Temptation

Continued from Page 9

The other half of the company's business is personal apparel: Hanes underwear, L'Eggs panty hose, Champion athletic wear and Ball and Playtex women's undergarments.

The restructuring closed more than 94 Sara Lee plants worldwide. Meanwhile, the food division is being helped by lower hog prices and an improvement in Sara Lee's troubled European coffee unit.

Some analysts, though, do not see Sara Lee as a stock with much of a future.

"The company is coming out of a period where its earnings growth was below historical levels," said David Rabinowitz, an analyst for Smith Barney.

But Mr. Rabinowitz rated the company a "bold," saying Sara Lee's turnaround was already reflected in the stock's price. He compared the company to a battleship that could not swiftly change course, even with the popular new bras and other undergarments. He said he would buy only if Sara Lee dipped back to \$20 to \$22 a share.

Sara Lee's Wonderbra and Smooth Illusion panty hose

represent the best hope for reinvigorating the company's flagging hosiery and foundation lines.

The Wonderbra has been a market leader since it was introduced in mid-1994. Hanes's body-contouring panty hose, which promise "liposuction without the surgery," have been so popular that Sara Lee is starting to market a lower-priced version, called Slim Silhouette, under its L'Eggs label.

Maybe that is why the women analysts who follow Sara Lee are more enthusiastic than the men. Like Ms. Levy, Nomi Ghez, an analyst at Goldman, Sachs & Co., also rates the company a buy. "These new products are helping shore up the stock," Ms. Ghez said. "They're high quality and comfortable."

As long as Sara Lee's fattening foods prove so popular, there should be plenty of demand for the other products. In fact, the company recently found that buyers did not particularly like the slimmed-down taste of its low-calorie "Better for You" bakery line. When Sara Lee restored the taste, and the calories, sales took off.

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THE  
REPORT

**FIRST COLUMN**

# Markets' Psyche Is Child's Play

**T**HERE is something satisfying about the words in themselves — the psychology of investing, of money, of the markets. The idea that these remote, cold, otherwise mechanical activities might have a warm, quirky, quasi-human mind brings the world of finance just that little bit closer to our understanding.

But beware the dangers of anthropomorphism. A blanket assumption that the markets can be psychoanalyzed is about as dangerous as approaching a bear in the wild and expecting it to behave like Winnie-the-Pooh.

The most dangerous mind games tend to take place on the foreign exchanges, where governments and their central banks have often found themselves aligned against foreign exchange traders in recent years. It has been an unequal contest.

The bankers and the politicians have pointed to economic data (for the purposes of this argument, if few others, "facts") and claimed — often with good reason — that exchange rates should reflect the strength of their economies.

French officials argued for a stronger franc in the summer of 1993 when the markets sold it against the German mark and twisted the European monetary grid out of shape. The government and its (notionally independent) bankers had a good case. But the markets went ahead and sold the franc anyway. Why? Because they could, because instinct told them that the bird was moving that way.

The annoying aspect for the French (and the British and Italians before them) was that by trying to stem the tide through aggressive buying, all that happened was the transfer of their currency reserves to the dealers' bonus funds. The essential point is that the markets do have a psyche — but not one of a rational adult, more that of a small, petulant child.

M.B.

## A Stock Index Will Tell the Real Story — or Will It?

By Martin Baker

**P**SYCHOLOGICAL market barriers suffer from an acute credibility problem. The center of the debate is more fundamental than whether the Dow Jones Industrial Average will break the 4,000 mark or whether the German DAX share index will fall below 2,000. The question to be answered is whether they exist at all.

On one side of the debate stand the financial scientists. They argue that markets are, if not perfect, efficient in finding the correct price for the assets (shares, commodities, interest rate futures, etc.). If only rationally relevant information, such as a company's results or significant economic data, is considered in pricing an asset, it follows that the level of a market index will not have significance.

Why? Because the market index, so the reasoning goes, is just an empty abstraction, a way of measuring the overall performance of that market. In itself it can have no relevance to the value of the constituent parts of that index.

For example, the price of Microsoft stock should not be affected by the proximity of the indexes of which it is a part — "psychologically significant" index levels. These are typically thought of as being round numbers ending with two zeros such as 2,300 or 600.

The placing of a large software order by a major client or the opening up of a new Asian market, however, would be rationally relevant and would affect the value of Microsoft's share price. On the basis of this reasoning, the level of an index is merely a function of lots of rationally priced assets. And if those constituent assets are rationally priced, the index cannot be subject to "psychological" barriers.

On the other side of the argument stand two schools of thought.

The first is based on academic research and indicates that indexes tend to close at numbers ending with two zeros. The second is a philosophical argument that concerns the nature of numbers. This reasoning examines the ability of numbers to describe the entities that they purport to measure.

In his paper on psychological barriers in

asset prices and the efficient market hypothesis, published in 1990 (see accompanying graphic), Mr. R. Glen Donaldson contended that international data tended to show a hesitancy on the part of traders to push popularly tracked indexes across a "resistance level" with two zeros. He argued that this information was not rationally relevant to the pricing of the individual companies.

Put at its crudest, the paper's data revealed impressive evidence that the indexes' closing prices fought shy of a double-zero point, with lots of closings just short

**Evidence suggests there are in fact such things as psychological barriers. Once a double-zero point has been crossed, the markets tend to move up or down fast.**

of the point. Then, once the double-zero point had been crossed, the markets would move up or down fast.

The image is very much that of the horse which shies away from a fence and then finally finds the courage to jump over it. In statistical language, it is shown that the distribution frequency of index closings is sharply lower on double-zero points, when, if double-zero points are to be ignored according to the efficient-market hypothesis, the distribution should be random — and ultimately evenly spread if an infinite number of examples are taken.

So what we have is empirical evidence suggesting that the markets do in fact take account of double-zero closings, that there is such a thing as a psychological barrier.

The second strand of the argument asserts that psychological barriers do exist examines the nature of indexes as numbers. It then draws a parallel between philology and the philosophy of mathematics.

How far is it from New York to Boston? Should the answer to that question come back as "five hours," most people would believe that they had been effectively and

### The Psychology of Investing

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An automatic way to avoid greed and fear  
Psychoanalyzing the markets  
Is fun profitable?

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Assessing seasonal factors  
Why is selling so difficult?

appropriately answered. Yet the mutual satisfaction of interrogator and respondent is epistemological nonsense: their understanding is based upon a set of assumptions that permits a question that appears to be about distance to be satisfactorily responded to in terms of time.

The shared assumptions underpinning that simple exchange are myriad. It can be safely stated that both parties assume a voyage is to be made, that the voyage will be by automobile, that weather conditions are normal, that the driver will use large freeways as opposed to picturesque country routes, that speed limits will be exceeded no more than is usual.

Briefly, if the question "how far is it from New York to Boston?" can be satisfactorily answered by the statement "five hours," so the question "what's the market doing today?" can be satisfactorily answered by "up 20." In both cases, the question and answer are phrased in language that is metaphorical at its tersest and most compressed.

The essence of indexation is the attribution of a numerical value to an entity that financial analysts variously describe as a "benchmark" or "barometer" or "indicator."

But the precise basis on which the number is calculated is the subject of intense debate within the financial industry. The appearance of each new index generates further argument, usually regarding the perceived worth of the index. The arguments almost invariably center on the method of calculation that leads to the final number. The number itself is generally accepted as an absolute, a measure imbued with some kind of scientific objectivity.

But it can be argued that a "measure" is itself a form of metaphor and is itself subjective.

In his book "Physics as a Metaphor," Dr. Roger Jones argues persuasively that the notion of objectivity is a false god, a comfortable icon that scientists are pleased to worship. His conclusion is that physics can be an aid in understanding the world about us and, indeed, "life" if we cease to pretend it is external and objective and if we embrace its subjectivity.

But a more modest proposition will suffice for the purposes of examining the nature of an index. The argument runs that numbers are metaphors, and, as expressed through the medium of an index that purports to be a measure, they are necessarily subjective. It is further contended that we can begin to analyze and understand the way markets and indexes interact by using a subjective approach.

Numbers themselves are difficult to define. Natural numbers, or integers, seem easy enough. But let's take the case of what would seem to be the easiest number of all: one. We see one man. But what if he has just one leg? Or has lost an eye? There is still one man, although society has developed special words for this kind of person.

Again, what if the man is very short? Society again has developed special words for very short people. Or if his growth is not stunted, but he is sixteen, technically adult, but quite small? Immediately we realize we are describing someone by a series of qualities — height, age, the requisite number of limbs.

This example shows us two things: That numbers can be broken down into sets, and that deciding which list of traits should characterize the set needed to make up a "man" is an essentially subjective decision. The observer decides what is important, and this constitutes the definition of one man. Thus the simplest number of all — one — is really dependent on subjective assessments of what constitutes the concept of "oneness" as applied to a man.

The notion of number as metaphor may not seem relevant to the "real" world, where we use numbers to measure things — the circumference of the earth, the distance to the moon, the width of an electron — with superb accuracy. Man has landed on the moon, after all, so how relevant is the subjective, metaphorical nature of numbers, and, by implication, measurement?

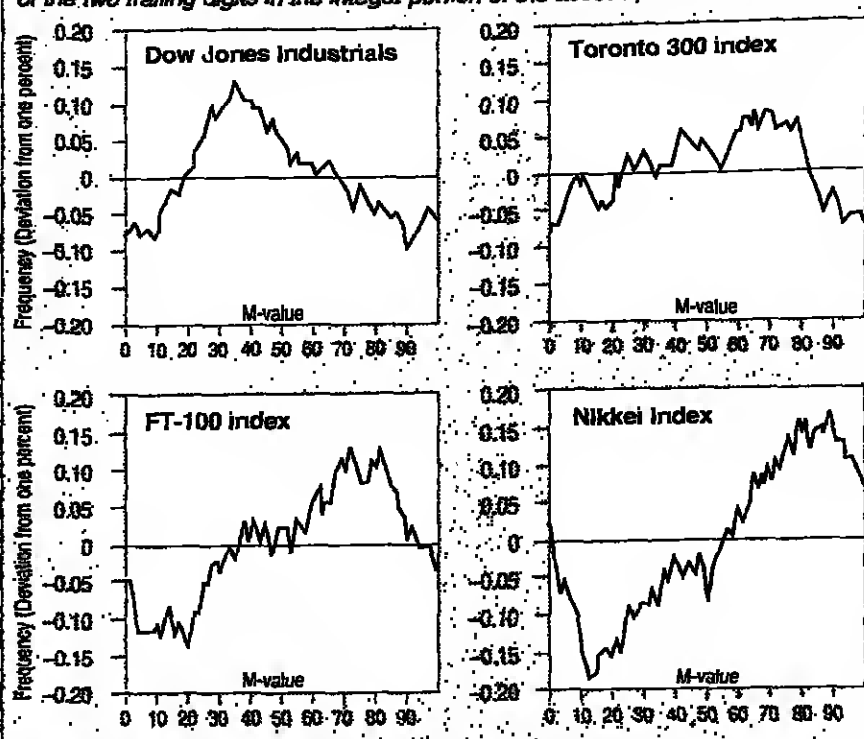
The answer is that it is very important indeed. The argument that measurement is really no more than subjective confirmation of "objective" data, such as the length, breadth and depth of a table, is in no way refuted by the operational efficacy of the numerical metaphor.

Where the notion of measurement fails is in its ability to describe the things to which it applies. Newtonian physics was efficient enough to get man to the moon. But Einstein's theory of the universe is generally accepted to describe the universe more satisfactorily. In other words, we can measure accurately, but measurement does not describe what we measure. Part of the reason for this is that scientific theory, like number theory, is metaphorical insofar as it is based on subjective intuition of principles which go in directions predetermined by their underlying assumptions.

Mr. Jones tellingly compares scientific theory to a set of railroad tracks — we know how to get to Chicago from New York. The principles allow us to predict with certainty how long it will take, when we have to change trains etc. But (as a parallel to failing to tell us about the country in between the two cities), the railroad system (like scientific theory) will not tell us how to get to the small town 30 miles from Chicago that lacks rail service.

### Charting Psychological Barriers

Price frequency distributions for M-values in four markets. M-value is the value of the two trailing digits in the integer portion of the asset's price.



Source: R. Glen Donaldson, Princeton University, Financial Research Center.

## The Crux of the Debate on Barriers

In view of the length and complexity of the accompanying article on psychological barriers, here is a synopsis.

Can there be such things as "psychological barriers" for financial markets? The term psychological barrier is often used for markets as the indexes used to track them approach a round number, such as 1,000. But do they, can they, really exist? There are two sides to the argument.

If you believe in the efficient market theory, the answer is "no." All that matters, according to this theory, is relevant information that the market uses to price a share. The index is just a figure calculated by compiling many share prices, so to pay attention to the level of an index and pretend it has some psychological value is a mistake. It is to put the financial cart before the horse.

There are two counter-arguments to this.

The first is based on statistical research that shows indexes tend not to close on the "round numbers" which are often called psychological barriers. This seems strange. Why? Because if markets only pay attention to share prices and not the level of the index, indexes should close on round numbers just as often as they would on other numbers.

The second argument in favor of the existence of psychological barriers states that indexes, like numbers, are a form of metaphor.

They are reasonably good at measuring, but not describing market activity. Numbers are a useful metaphorical shorthand to help us assess a market as we would assess the feasibility of a long journey or an important purchase.

A corollary of the index as metaphor is that analysts should expect psychological barriers to play a role and take them into account in investment strategies.

Measurement works on the same level as the 19th-century politician Metetrnich's definition of truth. Truth, he once stated, is that which is confidently asserted and plausibly maintained.

What this tells us is that for politicians, as for economists and the creators of indexes, what matters is not the substantive content of the data with which they operate, but the fact that it is accepted as data — that it is operationally true. Thus Metetrnich's operational definition of truth holds good for the circumstances in which he requires it to function — the apparent veracity and efficacy of words as used in the black art of statecraft.

The financial parallel with operational truth is clear. An index, expressed as a number, will not tell us how certain sectors or individual companies have done (the market is up 20, that's all). And the individual pricing of companies will not tell us how the company itself is doing as a business, merely how the market perceives that business, and how this translates into a price.

**It can be argued that an index is a form of metaphor but life is littered with examples of how numerical metaphors have a powerful influence over behavior of individuals, singly and collectively.**

Thus a corporation within an index and the indexes within the market are victims of the reductive nature of numbers as metaphor, numbers which measure accurately enough, but do not describe what is really going on.

Reliance on numbers to do something that they are not suited to do — namely to describe as well as measure — has a number of key ramifications. The most important and obvious effect is on market index behavior. This argument contends that indexes as metaphor have a special value of their own, whether attributed to them consciously or otherwise by the market.

Beyond this point, empiricism offers us very blunt tools of analysis. If, however, we accept the notion of number and index as metaphor, we can go further. We can take the idea of metaphor as a worthwhile prime concept in itself and ask what the markets should do with it.

In his book "Metaphor," David E. Cooper examines one view of the primacy of metaphor: "This is the theory, very roughly, that metaphorical talk is temporally and logically prior to literal talk."

If we are to accept metaphor as a prime tool of analysis, a number of consequences flow from this assumption. First, it ought to be expected that the markets pay attention to "psychological barriers," if only for the reason that metaphors are creatures of the mind. Everyday life is littered with examples of how individuals, singly and collectively, are influenced by

the powerful symbolism of numerical metaphor.

How far away is Boston? The answer "five hours" tells us it is a trip that can be made in a day. Whereas the sixteen hours to Chicago puts the journey into a different category of strenuous journey.

This use of numerical metaphor as a kind of differential symbol is sometimes more conscious. Classic examples are to be seen in every department store where one of the oldest marketing ploys is still considered effective: A coat sells at \$199.95, rather than \$200. Why? Because the consumer is being asked to consider the object as being in the \$100 price range — even though right at the top of that range — as opposed to being in the \$200 category and so, perhaps, automatically excluded as unaffordable.

Since the coat is priced at \$199.95, the consumer's points of comparison are different, and he is not being asked to jump the \$200 pricing level — a kind of psychological barrier. Merchandisers at least seem to understand the importance of psychology in asset pricing theory. What counts is not the 10 cent price reduction, but the number as differential symbol, or relational metaphor.

Already we have a significant problem with "perfect market" notions of the market as an efficient arbiter of asset prices. Such theories do not take account of the way we, as human beings, use numbers to measure and describe, to symbolize and simplify.

A second important consequence flows from the thesis that metaphor is prime — a kind of autonomous language that is internally valid and need not represent an underlying reality — we need not look for a correlation between the movement of the index (the numerical metaphor) and the economic reality of the commercial fortunes of the companies in the index.

If metaphor is prime, the numerical value of the index has an importance because of its place within the continuum of the metaphor. In other words, the attitude of the markets should be expected to be like the fairy tale of the emperor's clothes with a twist: the emperor really is wearing clothes (that is, there really is a psychological barrier) until the people decide that he's naked (once a barrier is passed, it is no longer psychologically significant).

For the program designers, the challenge is there: find the psychological barriers, and program some fuzzy logic into the system. Office management systems use fuzzy logic in budgeting for extra personnel cover on Mondays. Why Mondays? There is of course no special reason for staff to fall sick on Mondays, other than the simple fact that individuals often feel less inclined to go into work.

If office management systems can identify the work-shy, why can't trading programs look at closing prices and second-guess psychological barriers?

The Money Report is edited by  
Martin Baker

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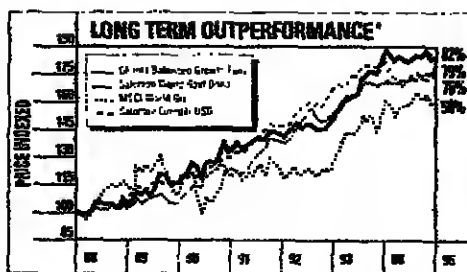
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## THE MONEY REPORT

## Steady Investment: Less Pain?

By Baie Netzer

FANS of immediate gratification are no friends to investing. Indeed, when it comes to reaping a share of individual investors' paychecks, most banks, brokers and mutual fund companies compete as much against shiny new sports cars, the latest in stereo systems and other consumer goods as they do against each other.

To win the battle with the consumption demon in all of us, financial firms have set up plans which automatically deduct a specific amount from a paycheck or bank account on a regular basis and then direct those funds toward investments. Whether used for savings bonds, mutual funds or stock investing, these plans are proving increasingly popular among retail investors who have trouble abstaining from more enjoyable today in favor of saving for longer-term goals such as retirement.

At the discount brokerage Charles Schwab, for instance, the number of automatic money transfers from paychecks, bank accounts or government agencies to no-load mutual

fund shares rose 117 percent in the past year. During the same time period, funds automatically deposited in Schwab money market accounts climbed to more than \$500 million, an increase of 39 percent. Boston-based Fidelity Investments also reported a 40 percent increase in automatic purchases of fund shares in 1994.

Today, with extensive computer networks in place, almost every bank, mutual fund company and brokerage house can electronically shuffle money around from place to place at a customer's request. For investors, the psychological advantage of using these services to invest automatically is clear. If money is deducted from a paycheck, it never exists as cash in hand and therefore cannot be spent. If funds are automatically transferred from a bank account, an investor never has to write out and send a check, a task that is often postponed or forgotten.

"We think there's going to be a tremendous move toward automated fund transfers," said David Jones, a spokesman for ShareLink, Europe's largest discount brokerage. "Customers can choose to invest a certain amount every month but they

never give up control over their money."

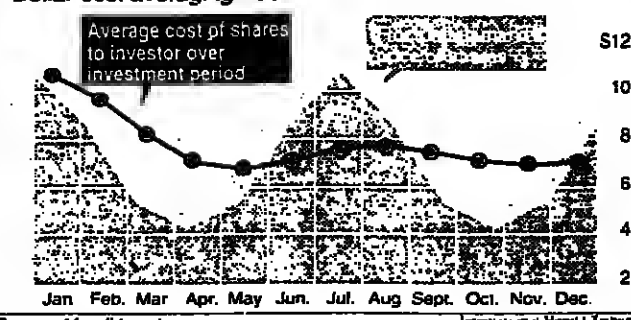
There are also financial advantages to periodic investing: whether money is transferred bimonthly, monthly or quarterly, so-called "dollar cost averaging" - or investing the same dollar amount in a stock or mutual fund on a regular basis - reduces the average cost of an investment over time. In a bull market, investors with \$100 to spend will walk away with fewer shares than they would in a bear market. If automatic investing is pursued over a number of market cycles, the larger number of low-cost shares in a portfolio will lower the average price.

In addition, the pleasure in seeing money compound over time is winning more and more converts to automatic investing. This has largely helped dividend reinvestment plans gain in popularity, according to Joseph Tighe, editor of Standard & Poor's Directory of Dividend Reinvestment Plans.

Mr. Tighe estimates that approximately 800 U.S. corporations currently use such plans to encourage long-term investment in their stock. Under these types of plans, a company automatically reinvests an investor's

## Automatic Investing

Dollar-cost averaging illustrated



dividends in additional shares of stock. The company does not charge a commission and may even offer a discount of 3 to 5 percent on the share price. As new shares are accumulated, the dollar amount of dividends reinvested climbs.

Over time, the results can be lucrative. Those who invested \$1,000 in shares of the mutual fund company Franklin Resources ten years ago would have now accumulated shares worth about \$81,000 through the plan, according to Mr. Tighe. A similar investment in chewing-gum maker William Wrigley's plan would have grown to \$20,000.

"For the individual investor, DRIPs are a convenient and in-

expensive way to buy shares," said Mr. Tighe. "But it's important for people not to forget that they have to pay taxes on the dividends even though they don't receive them in cash."

Noting the dramatic popularity of the programs, Charles Schwab began offering automatic, commission-free dividend reinvestment on stock held by Schwab customers in June 1992. At the end of 1994, approximately \$3.4 billion in equity held in Schwab accounts was slated for dividend reinvestment, an increase of 142 percent over the previous year.

Until now, automatic investing appears to have had more success among U.S. investors than among Europeans.

## Bulls Bank on Year of the Pig As Chinese Calendar Unfolds

By Aline Sullivan

Forget beta factors, capital market equilibrium theory and efficient frontiers. This year, the stock market spoils will fall to pig-headed investors.

The Chinese Year of the Pig began on Jan. 30. The pig is a cheery animal, held in high regard in much of the Far East. His reign should imbue investors with new feelings of optimism and cleverness, enabling several of the world's stock markets to scale all-time highs.

Balderdash? Perhaps. But skeptics should take another look. For over a thousand years the Chinese have been basing personal and business decisions on the juxtaposition of various elements and animal signs, or feng shui. Feng shui sages have had remarkable forecasting success by interpreting these relationships and adding a healthy dose of knowledge based on current events and local gossip.

The brokerage Credit Lyonnais Securities Asia (CLSA) recently produced its fourth annual survey of leading feng shui sages, mostly to amuse clients but also to provide them with information that many are beginning to value. To date, the forecasts have been remarkably accurate.

For starters, the brokerage's feng shui sages predicted an "earthquake or abnormal volcanic activity" in Japan several weeks before the Kobe catastrophe. Strictly speaking, the earthquake occurred in the Year of the Dog but, as one fund manager pointed out, the sages were a lot more precise than the scientists.

Last year the sages also called most of the major movements in the Hong Kong and other Asian markets. After a rocky start, the CLSA Feng Shui Index accurately charted the upswing in May, the decline in July and the rise in August and September. Predictions about a

new low in December were right on target. The record in the previous two years was even more impressive, most notably in 1992, the Year of the Monkey.

"Clients are coming back at the end of each quarter and half year to ask what the next forecast is," said Jonathan Compton, head of the Asian desk at Credit Lyonnais in London. "It is like a personal horoscope - people just want to check it. But there is also a lot of common sense in the predictions."

Other professional investors wonder if there may be more to it than that. "The predictions can be disturbingly accurate," said Margaret Gadow, manager of the \$42 million Robert Fleming Save and Prosper China Dragon Fund. A spokesman for Standard Chartered in London said the Chinese lunar year was "something we take very seriously."

But this year has not worked to plan, at least so far. The feng shui experts consulted by CLSA all predicted a very strong start to the year in all the Asian markets with large Chinese populations.

In any other year, they would have been right. "The lunar new year is like Christmas, Easter and New Year all rolled in to one," said Ms. Gadow. "People get their bonuses then and pay off their debts. There is a lot of money flowing around and, traditionally, it is a time for markets in the Far East to rally."

The year started instead with a whimper. Investors are more worried about high interest rates and depressed Hong Kong real estate values than they are enthusiastic about the new lunar year, analysts said. But confidence should pick up as the optimistic pig makes his presence felt.

"It's simply an old-fashioned interest rate cyclical downturn," said Ms. Gadow. "But we expect global interest rates to peak this year, so we do have

cause for optimism. We think markets are near their lows. That all fits in with the Year of the Pig."

The Month of the Snake (May 6 to June 5) will be the most volatile, the sages agreed. That is because the Snake and Pig dislike and distrust each other. More trouble is in store in December when most of the gains made on the Hang Seng index in the first half of the year will be lost. But in January, the last year of the lunar month, property prices will rally and improved economic news will push the market back up.

All told, the Asian economies will continue to surge ahead in the Year of the Pig. In particular, South Korea and Vietnam will show rapid growth, while Japan's economy will be improved despite further political resubfuses (always a safe bet).

"The Year of the Pig will be of critical importance for China," the CLSA sages agreed. Admittance to the World Trade Organization and a strong recovery in agriculture will be offset by several tragic catastrophes. Earthquakes and the safety of nuclear and power facilities in Guangzhou and Shenzhen are particular worries.

In Hong Kong, residents will enjoy a relatively stable year. "The economy will be booming but ongoing work on land reclamation, the new airport and the Western tunnel will restrict the flow of money into the region. Resultant economic growth will be moderate."

The sages further predict John Major losing his job as Prime Minister, greater conflict in the Middle East and more outbreaks of disease in India and Pakistan. On a personal level, dragons (people born in 1928, 1940, 1952, 1964, 1976 and 1988) are in for a great year, while snakes (1929, 1941, 1953, 1965, 1977 and 1989) face major challenges.

## Fathoming All the Fads With a Staff Psychologist

By Rupert Bruce

WHEN the U.S. Department of Labor reported last September a lower increase in the number of non-farm workers employed than the consensus forecast on Wall Street, Sant Cassia Investment Management's staff psychologist Alexander Hardwicke judged it to be time to sell the company's U.S. Treasury bond holdings.

This might seem ironic because in the normal run of events Treasury bonds would rise on news which would ap-

pear to dampen inflation. But Mr. Hardwicke, 24, was vindicated and T-bond prices fell later that day - after Sant Cassia had completed its sale. What Mr. Hardwicke had realized was that a significant number of short-term investors were slavishly following a technical indicator called the Elliot Wave Theory to guide them.

The better-than-expected payroll numbers would - and did - trigger a small rise in bond prices, but that in turn would bring prices to a level at which the theory would dictate that investors sell. Even though Sant Cassia still liked T-bonds on a long-term basis, it sold its

holding ahead of the crowd and avoided taking short-term losses.

Philip Manduca, investment director and founder of London-based Sant Cassia, decided to employ a psychologist when he founded his investment management company in late 1993 because he believed that while economic fundamentals might dictate the broad levels of financial markets in the longer term, shorter-term movements were governed by the fashionable theories of the moment.

So, he reasoned, if he was to make money for his investors without sharp short-term vola-

tility, he should hire the skills of a psychologist.

"Before we enter a market, we have to have a very clear understanding of what the other participants are looking to do or have done," said Mr. Manduca.

Sant Cassia seems to be unique in Europe and perhaps in the rest of the world in having a professional psychologist on its staff. But many investment companies are coming to appreciate that understanding the minds of financial market participants will help them make money. The result is that many of them are becoming amateur psychologists them-

selves while others subscribe to newsletters that lean heavily on market psychology and attend talks given by specialists in this field.

According to David Fuller, the owner and author of Fuller Money, a popular newsletter that has been analyzing the mass psychology of world markets from London since 1969, most interest stems from the currency and bond markets.

"This is largely because currency and bond people have long recognized the almost impossible task that fundamental analysts face when judging currencies and bonds," he said.

## Banking on the Wages of Sin

By Ann Brocklehurst

WHEN times are tough, many consumers will put off buying big-ticket items like a house, a car or even a fridge, but, according to the founder of a new "fun fund," there are some things they won't give up. Burton D. Morgan, the man behind Morgan FunShares, Inc., says most people will continue to drink beer, chew gum and have sex regardless of the state of the economy.

Mr. Morgan is betting that shares of companies that sell items like beer, gum and condoms will perform better than average in the long term and that his \$4.3 million closed-end fund will reap the benefits. He describes the policy of the fund, which listed on NASDAQ last July, as investing in companies that produce "small-ticket, daily, habit-forming items."

The FunShares prospectus says that this includes tobacco, cosmetics and beverage makers as well as broadcasters, publishers and amusement parks. The fund has also targeted some not-so-amusing sectors such as disposable paper products since, as Mr. Morgan explained, people always need toilet paper.

Mr. Morgan came up with the fun fund idea after he made a killing with a family fund that contained only shares in RJR Nabisco, the tobacco company

that became the object of one of the fiercest takeover battles of the 1980s.

"This fellow Kravis paid a horrendous price and it became the most successful fund in the world," he claimed.

Inspired by his success, Mr. Morgan decided to continue investing in "sin," but changed the name to FunShares after John Templeton, the fund management guru, informed him that sin refers to the seven deadly sins. "That didn't fit what we had in mind," he said. "Our definition was what mother told you not to do."

Morgan FunShares' current holdings include the brewer Anheuser-Busch, the distiller Seagram, the tobacco company Philip Morris, Carter Wallace, maker of Trojan condoms, and Coca-Cola.

Mr. Morgan, a non-smoker who has the occasional cocktail, has no qualms about investing in stocks that "do-gooders" avoid. "You're either making money or helping the environment, but you don't do both at the same time," he said, adding that he sponsors a charitable

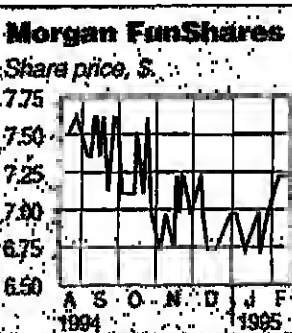
foundation. "When we make money, we make money."

According to Robert Pincus, vice-president of Maxus Securities Corp. of Cleveland, which has managed FunShares since it went public, Mr. Morgan's fund has had an annual return of nearly 12 percent since 1989 compared to 8 percent for the Standard & Poor's 500.

It also compares favorably to the Timothy Plan, a mutual fund for conservative Christians that takes its name from a passage in the First Book of Timothy in the New Testament. Timothy, which refuses to invest in firms that promote sex or violence and will not even buy the retailer K-mart because a book subsidiary sells Penthouse, dropped 4.2 percent in the three months to Nov. 30, while FunShares fell 3.7 percent, in line with the market.

Sex does not always pay, however. Mr. Morgan says an investment in Fredericks of Hollywood, makers of X-rated lingerie was a "mistake. We all make mistakes."

The fund prospectus also notes: "Because the industries in which the fund will invest



provide goods and services which are discretionary and non-essential, they are particularly susceptible to fads."

This makes them vulnerable "to the risk of greater than average market volatility." The prospectus also cautions that the shares should be considered illiquid without an established market.

Investors interested in joining the 350-odd current shareholders of FunShares might also want to note: the fund offices are located on Chagrin Boulevard in Cleveland.

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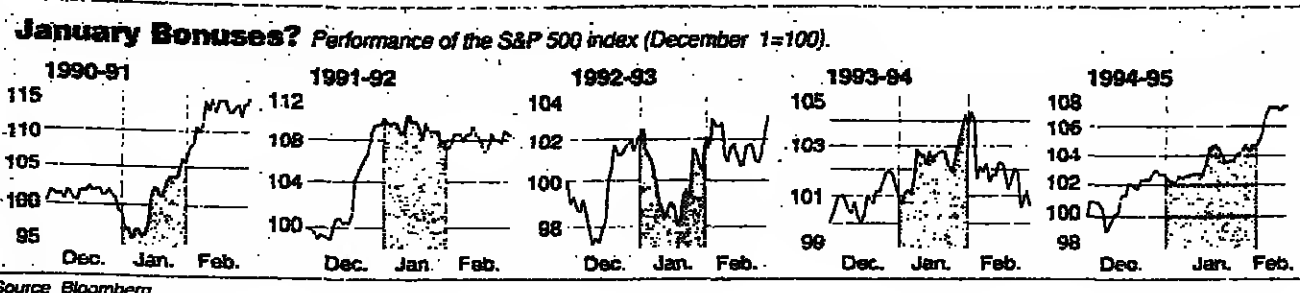
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## THE MONEY REPORT



## January's Promise and the Curse of May

By Christine Stopp

Those who disregard stock market proverbs like "sell in May and go away, buy back on St. Leger's day" in the autumn should think again. There is statistical evidence to prove that some months — and even weeks and days — in the year have historically been better for your portfolio than others.

If you had started in 1919 with £1,000 (\$1,560) and invested it in the British stock market in the month of January only each year, your investment would have grown to £5,376 by 1993. A comparable investment in June only would have shrunk to £52 pence. It is not clear why this should be so, said David Schwartz, author and publisher of the Schwartz Stock Market Handbook 1995, but there is definitely a strong January effect in markets going back to just after World War I.

January is not the only month which does well for investors. The other auspicious months for putting money into the British market are April, August and December. Prices fell during April in only six years between 1940 and 1989, said Mr. Schwartz, who thinks it is "mind-boggling that any segment of the year should be so good."

In the 1990s, April may be undergoing a shift in fortune. In the past there has always been the stimulus of the new fiscal year, and the British government's budget package. Now that the budget has been moved to November, mixed April figures suggest that the effect has been diluted. The eagerness of the investing public to get in

during a strong period also tends to make the market bonanza shift earlier and earlier.

Yale Hirsch is the doyen of historical analysis in the United States. His Stock Trader's Almanac is now in its 29th year. In 1995, said Mr. Hirsch, two powerful trends help the investor: a year ending in the digit five has seen markets fall in eleven decades. Nor has any pre-election year since 1939.

The magic of years ending in five is inscrutable, but from 1885 to 1985 it never failed in U.S. markets. For reasons unknown, the eleven years ending in five over this period produced a total gain of 254 percent, compared to 179 percent in years ending in the digit eight and a dismal 42 percent in years ending in ten. Even more oddly, David Schwartz confirmed that the "five" effect works in the British stock market as well.

The Hirsch analyses put a lot of emphasis on the four-year U.S. presidential cycle. There is an obvious logic to the fact that third and fourth years of the cycle tend to do better than first

and second years — politicians try to get unpleasant business done first, and then nurture the economy prior to the election. Looking back to 1914, said Mr. Hirsch, the average gain from the bottom of the second year in the top of the third year market was 50.3 percent.

The U.S. market has a "January barometer." The market movement in January has predicted the whole year's outcome 80 percent of the time since 1934. This effect is also easy to understand since in January Congress convenes, the president makes the State of the Union address, and the annual budget is set.

More mysteriously, the Hirsch figures show, the January barometer has had a perfect predictive record in all odd-numbered years since 1939.

What of the "sell in May" theory? It is true that May and June have historically been the two worst months for British investors.

In any case you should not sell in the first week of May, which is usually good. July,

which has been "mediocre" for many decades, has begun to turn around in the last decade or so. This is another instance of "success breeds failure," according to Mr. Schwartz, as an established trend begins to deteriorate.

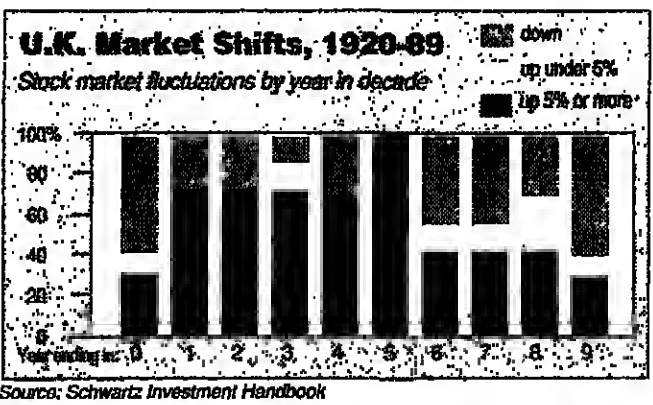
What do the trend analysts have to say about the last week of February? The Stock Trader's Almanac warns the U.S. investor of volatility with a skull and crossbones against dates when futures contracts expire.

The February picture in Britain also carries conflicting signs. The last week in February is usually better than the previous three but this year has seen two very good weeks at the start of the month.

Finally, what of the day-to-day effect on the stock markets? There is a difference in gains made between one day and another. In Britain, Wednesdays and Fridays were the best days to trade between 1935 and 1993. On both days prices rose 53 percent of the time on average, compared to only 44 percent on Mondays.

From June 1952 to April 1994 the same effect applied in the United States, with markets rising only 45 percent of the time on the first trading day, compared to 57 percent of the time on Fridays. But since 1990 Monday seems to have become the most powerful day of the week.

Schwartz Stock Market Handbook 1995, Price £10.45 (\$17). Details: Great Britain (44) 453 731 173. 1995 Stock Trader's Almanac, Price \$42 (overseas buyers). Details: United States (1) 201 767 4100.



## About Courage and Selling Those Losers

By Iain Jenkins

EVERY investor knows the agony of deciding whether to sell a stock that has fallen 20 percent below the purchase price. Will it bounce back? Or will it fall further? What to do?

Normally, investors do nothing. They justify their passivity by saying that eventually the price will recover. Often they should have sold.

The balance of academic evidence shows that the inability to sell at the right moment is due to deep-seated psychological factors. If these emotional influences could be understood and eliminated, the investor could dramatically improve the performance of their portfolio.

Many people dismiss the idea that psychology could affect decisions. They are convinced they respond rationally to fundamental economic information.

Yet how many times have you heard someone snap angrily when reading the stock listings: "This damn stock is driving me mad!"

Experiments carried out by Martin Weber, professor of banking and finance at Mannheim University, offer compelling statistical proof that investors have a psychological problem in selling stocks, particularly when they are sitting on a loss.

A group of students was given fictional stock in a selection of companies. The prices of these stocks were then randomly changed on 20 occasions and the students were encouraged to buy and sell.

Mr. Weber said: "We found that people who had made a profit were two times as likely to sell their stock than those who had made a loss. The results give an insight into the psychology of investing and suggest that people hold on to losers for too long and sell winners too soon."

"The results were statistically very significant and show just how unwilling people are to make a loss," added Mr. Weber.

Other experiments in the United States have broadly supported Mr. Weber's findings and show that people are twice as sensitive to losses as they are to gains. In investment terms it means that people need to make a profit of \$2,000 to compensate for a loss of \$1,000 to feel happy.

Robert Shiller, professor of economics at Yale University, provides a partial explanation: "People who refuse to sell when they have made a loss on a stock are trying to avoid regret. Realizing a loss brings on the regret. People will go to extraordinary lengths to avoid this even if it means taking even bigger risks."

After the 1987 crash, Mr. Shiller sent out a questionnaire to investors asking

them what they regretted the most. Overwhelmingly, people focused on one stock in their portfolio that had fallen particularly sharply. They felt strong emotions about this stock.

"Logically, what they should have regretted was being in the market at all," he said.

This phenomenon seems to apply even when a stock rises but then starts to fall. Rather than thinking that they have still made an absolute profit of 20 percent since buying the stock, there is a tendency on the part of investors to think that it has fallen 12 percent from its high.

Once again, a reluctance to sell creeps into calculations because investors are trying to avoid the regret of having missed the best opportunity to sell. Scientists call this phenomenon "reversing" because the investor has mentally changed the base of their calculation from the moment they bought the stock to the moment it peaked.

Richard Thaler, economics professor at the Massachusetts Institute of Technology, who has written a book on the psychological problems of selling stock called the "Winner's Curse," said: "It is a form of masochistic mental accounting. People change the base of their calculation."

"The only truly rational approach is to ignore history completely," said Mr. Thaler. "You have got to forget what has happened to the stock in the past and forget that it may be at a loss or that it may have been higher. The only thing that counts is the simple question: would you be willing to buy it now? If you wouldn't, then you should sell."

But this is easier said than done. Two tests set by scientists illustrate how difficult it is to "forget history" when it comes to making a decision in a practical everyday situation like going to the theater to see a play that costs \$20.

In the first example, you buy the theater ticket but then lose it five minutes later.

What would you do? Buy another ticket or go home and watch television? In the second example, you lose your wallet containing \$20 on the way to buy the theater ticket. Would you go to the bank and get some more money or again abandon plans to see the play?

The rational answer depends on how much you want to see the play. If you are a fanatical Shakespeare fan, you should buy another ticket in the first case and go to the bank to get some more money in the second. If you don't care too much about Macbeth, you will go home in both cases.

Anyone who did not answer in this way is probably letting psychological factors influence their decision. They should consider another investment technique that takes the psychological content out of investing. It involves setting strict rules on when to sell.

Max Bowser, who runs a successful penny stock newsletter called The Bowser Report in the United States, recommends this approach. He has set rules for his penny stock newsletter, which over the past ten years have helped turn a \$4,000 initial stake into \$40,000. His basic rule is that he sells half of his holding in a stock when it doubles in value and the rest when the stock falls 25 percent from its peak. If a stock falls immediately on purchase, he sells it when it has fallen 25 percent from its purchase price.

The targets in the Bowser formula are probably too high for the normal investor and have been set with the highly volatile world of penny stocks in mind, but the principle is sound. Other people sell when a stock falls 10 percent or 15 percent.

Anyone still not convinced by the importance of picking the right moment to "sell" should consider the comment of Lord Nathan Rothschild at the start of the century when asked by a journalist if he had a secret formula for making money. He replied: "Yes. I sell too soon."

## BRIEF CASE

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## SPORTS

# Anderson Balks As Tigers Open Spring Training

Compiled by Our Staff From Dispatches  
LAKELAND, Florida — Sparky Anderson, the manager of the Detroit Tigers, was put on an unpaid leave of absence Friday because he refused to coach replacement players during the major league strike.

Anderson said he met Monday night with the Tigers' president, John McHale, and suggested he work with minor leaguers instead of replacement players. He said the fact the Tigers had rejected that idea, and put him on an unpaid leave, would not change his mind.

"There ain't no place in our game for replacement players," he said from his office.

The team's general manager, Joe Klein, said, "This is out the way I wanted to see this resolved."

He said Tom Rummels, hired last month as manager of the Class AAA Toledo Mud Hens, would be the interim manager.

Anderson said he planned to leave Lakeland in the next few days to visit a daughter in San Francisco.

"One, I'm not retiring. Two, I am out quitting. Three, I will be back to manage the Detroit Tigers when regular players come back," he said.

"I'm not taking sides," he added. "It is out a decision for ownership or players. This is a decision for me."

Earlier, as replacement players made their first appearance, at the spring training camp of the New York Yankees, about a quarter of the approximately 1,100 striking major league players gathered at a hotel in Orlando to hear and discuss the threat Lenny Dykstra seemed to have posed to union solidarity.

The Philadelphia Phillies' feisty outfielder, in a television interview last week, had suggested that the players should "rethink our position, what's best for us." Some inferred that he was hinting he would consider going back to work in April even if the strike continued.

"It was like a Christian going into a lion's den," free agent outfielder Andy Van Slyke said. "And there were 400 lions with their fangs sticking out. I'm sure it was humbling for him."

Dykstra, reading from a prepared statement, apologized for publicly questioning the union's tactics. He then raised his concerns, was loudly answered, and by the time he sat down, was a loyal union man once again.

"There were a few guys wanted to charge him, but we listened to what he had to say," said the New York Mets' outfielder, Bobby Bonilla.

"Then, he listened to what we had to say. We made it loud and clear. Believe me, by the time he was done, he understood what this is all about."

When the nearly five-hour

meeting ended, Dykstra slipped away to avoid reporters.

Ken Oberkfell, one of the few replacement players with meaningful major league experience, has told the Philadelphia Phillies he will not report.

Oberkfell, a 16-year veteran who last played in the major leagues in 1992, told the team's general manager, Lee Thomas, "I just can't do it. If you have to sue me because of the contract, go ahead." The Record newspaper of Hackensack, New Jersey, reported Friday.

The Baltimore Orioles' camp in Sarasota was one of the quietest spots in Florida. The team's majority owner, Peter Angelos, has said he won't field replacement team, and club sources said they won't even play any Grapefruit League games in Florida in which opponents use replacements.

They might play replacement teams if no admission is charged, the sources said, or might be willing to play their minor leaguers against other teams' nonreplacement minor leaguers. Otherwise, the Orioles would hold their minor league camp as usual.

League officials say the AL constitution requires Angelos to field a team during the regular season, and that they can suspend him, fine the club up to \$250,000 per game or take control of the franchise if Angelos won't relent.

All of which may end up in another legal fight. The Blue Jays, prohibited by Ontario law from using strike-breaking workers in Toronto, are to begin workouts on Sunday, and have started making plans to play their regular season replacement "home" games at their spring training stadium in Dunedin, Florida.

But when workouts begin, their manager, Cito Gaston, and his coaches will be overseeing minor leaguers, the team's management having said that they shouldn't be forced to work with replacements.

The San Diego Padres' chief executive officer, Larry Lucchino, has said he may discuss a similar approach with his team's manager, Bruce Bochy, and his coaches.

(AP, NYT, WP, LAT)



Former major leaguer Julio Franco (center) worked out with his Japanese team, the Chiba Lotte Marines, in Arizona.

## Penguins (and Nordiques) Still Winning



Luc Robitaille reached back for the first of his four goals.

The Associated Press

For most of the Pittsburgh Penguins' unstoppable streak through the early portion of the National Hockey League season, Luc Robitaille has been along for the ride.

This time, he did the driving, with Jaromir Jagr as navigator. Robitaille drove to the net, he drove slap shots into the net.

### NHL HIGHLIGHTS

and he drove the Hartford Whalers crazy with a four-goal game in Pittsburgh's 5-2 victory Thursday night.

Jagr assisted on all four of Robitaille's goals, to increase his points to a league-leading 28 on 13 goals and 15 assists.

The victory ran the Penguins' season-opening unbeaten streak to 13, matching the third-longest in NHL history and two short of the Edmonton Oilers' record 12-0-3 start in 1984-85.

The Penguins, however, still have not been able to shake the Quebec Nordiques, who stayed right on their heels by beating Philadelphia.

Robitaille had gotten just three goals in the first 12 games this season after being acquired from Los Angeles, but received

a new shipment of sticks this week, and that apparently made a big difference.

"I'm realizing that playing with these guys, all I've got to do is get open," Robitaille said after scoring 2:31 into the game, then at 2:50, 8:35 and 17:08 of the second period.

"You could see he got his confidence back when he scored," said Jagr. "I just said to him, 'Go to the net, go to the net.'"

Nordiques 4, Flyers 2: In Philadelphia, the Nordiques (12-1) stayed one point behind Pittsburgh in the Northeast as Owen Nolan scored twice. The Nordiques killed three power plays and have allowed only three goals on 53 opposition power plays this season.

Stephane Fiset stopped 38 shots for Quebec.

Blackhawks 2, Flames 2: Host Chicago rallied for the tie as Sergei Krivokrasov scored two power-play goals in the final 6:11 of regulation.

The Blackhawks thought they won on a goal by Brent Grieve with 1:15 left in overtime. But referee Don Van Massenhoven ruled Grieve intentionally directed the puck into the net with his skate.

## UCLA, on Rare Shot, Beats Arizona State

The Associated Press

UCLA's lack of 3-point shooting may hurt it in the post-season, but for now the sixth-ranked Bruins are celebrating the one long-range shot that allowed them to beat No. 13 Arizona State.

Ed O'Bannon sank UCLA's only 3-point basket of the game midway through a 9-0 run that gave the Bruins a 7-point lead in overtime of their 82-77 Pacific-10 victory Thursday night.

It's out as if the Bruins are attempting 3-pointers and missing.

The Bruins took only four 3-point shots in the game. They're averaging 32 percent (32 of 98) from long-range in Pac-10 play.

"We're not concerned. We feel that we're capable of scoring inside and scoring outside," said forward Charles O'Bannon, who tied his career-high with 23 points and 11 rebounds.

"If we don't make any 3-pointers, we can still win a ballgame. It'll come."

The victory ended Arizona State's five-game winning streak and kept UCLA atop the Pac-10 standings. On Sunday, the Bruins host No. 12 Arizona, still in second place after an 89-80 victory at Southern Cal on Thursday night.

The Sun Devils nearly pulled off an upset on the 3-point shooting of forward Roy Riley, who had 23 points before fouling out with 2:44 to go in regulation.

The Bruins effectively solved the problem of Mario Bennett's inside power in the first half by

double-teaming him and forcing the ball outside. But UCLA went to a smaller lineup in the second half, allowing the 6-foot-9 Bennett easy inside baskets. He finished with 21 points after being held to 4 in the first half.

Trailing by 66-63, Charles O'Bannon completed a three-point play with 52 seconds left to force overtime. The O'Ban-

### COLLEGE HIGHLIGHTS

noo brothers scored 26 of UCLA's 34 points in the second half.

No. 2 N. Carolina 66, Clemson 39: Donald Williams scored 24 points as the Tar Heels extended their NCAA record 20-victory season to 25 straight, topped their home record against Clemson to 41-0 and moved one game in front of No. 7 Maryland and No. 16 Virginia in the league standings with four ACC games left.

Williams, who matched his season-high point total, sank six 3-pointers, with four of six in the first half.

Massachusetts 73, Duquesne 56: The No. 5 Minutemen were aided by the return of Marcus Camby, the 6-11 sophomore center hadn't played since Feb. 1, when he strained his left hamstring. He scored 11 points, while Lou Roe led UMass with 20.

But the school also announced that guard Mike Williams had been suspended indefinitely for breaking team rules.

## Wounded Cavaliers Just Won't Go Away

The Associated Press

The Cleveland Cavaliers, despite their many injuries, just won't disappear.

They may have slipped out of the Central Division lead, but they keep hanging around, taking advantage of back-to-back losses by division-leading Charlotte since the All-Star break.

With All-Star forward Tyrone Hill the latest to be hurt, the Cavaliers pulled within half a game of the Hornets with a 106-85 victory over Milwaukee on Thursday night.

And despite an injury list that includes Brad Daugherty (back), leading scorer Mark Price (wrist) and Gerald Wilkins (torn Achilles tendon), the Cavaliers, whose players have missed 124 games due to injury, improved to 30-19.

Chris Mills had 23 points and Bobby Phillips 22. Terrell Brandon added 18 points and Michael Cage, Hill's replacement, got 11 points and 15 rebounds as the Cavaliers snapped a three-game road losing streak.

Mills, Phillips and Brandon scored 31 points in a 45-17 spurt that buried the Bucks, while the entire team worked

the clock to perfection, hitting six buzzer-beating shots. One was Brandon's halfcourt bank shot at the end of the first quarter.

"They really make you play defense for 24 seconds," said

### NBA HIGHLIGHTS

the Bucks' coach, Mike Dunleavy.

Rockets 105, Hornets 89: Hakeem Olajuwon scored 29 points and grabbed 14 rebounds while Clyde Drexler, who had to wait a half, made his debut with Houston, finishing with 8 points, 5 rebounds, 2 assists and 2 turnovers.

Drexler, acquired Tuesday for Otis Thorpe, couldn't play for his new team until the third quarter in Charlotte because of a delay with the results of Thorpe's physical in Portland.

Knicks 96, Heat 87: Patrick Ewing got 13 of his 22 points in the decisive second quarter, outscoring the entire Miami team, which got only 11 points. Anthony Masoos added 22 points and 14 rebounds for the visiting Knicks, who had lost three of their previous four.

## Have the Majors Found a New Way to Suit the Owners: Make the Kids Pay?

The Associated Press

MELBOURNE, Florida — If a Little League team wants to use uniforms bearing a major league nickname, it is going to have to use licensed products. And pay extra: \$6 more per uniform.

Major League Baseball Properties seems to be cracking down on Little League teams and amateur adult teams.

"We have to both make the kids happy so they can wear the uniform, but we have to protect the trademark

rights," said Ethan Orlinsky, a lawyer for MLB, the licensing arm of the 28 major league clubs. "You have to approve the quality. You can't have somebody just using the names because you have to have quality control."

But Rich Levin, major league baseball's chief spokesman, said Friday that MLB only charges licensing fees to manufacturers of the uniforms.

"The manufacturers may be passing on that charge to the Little League

teams, but we don't charge the teams for using uniforms with major league names," Levin said.

Earlier, Orlinsky had told Florida Today newspaper: "It's an uncontestable patent. It doesn't matter if the names are block letters ironed on."

Major league baseball, he said, "owns the names of all teams when used in association with baseball."

He said the clubs did not want to prohibit the use of their names, they just insist on the use of licensed equip-

ment — for which they receive a fee. Little League teams not able to afford licensed goods, he said, should call his office in New York.

Jack Gibbs, 12, of Melbourne Beach, Florida, said he loved the Chicago White Sox so much that he voted to name his Little League team after them. Not now.

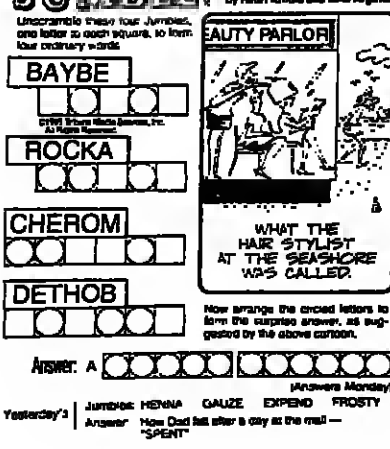
"It really stinks," he said. "First, they go on strike, and now they are trying to make money off little kids."

### DENNIS THE MENACE



"It's easy to forgive Dennis, but it's impossible to forget him."

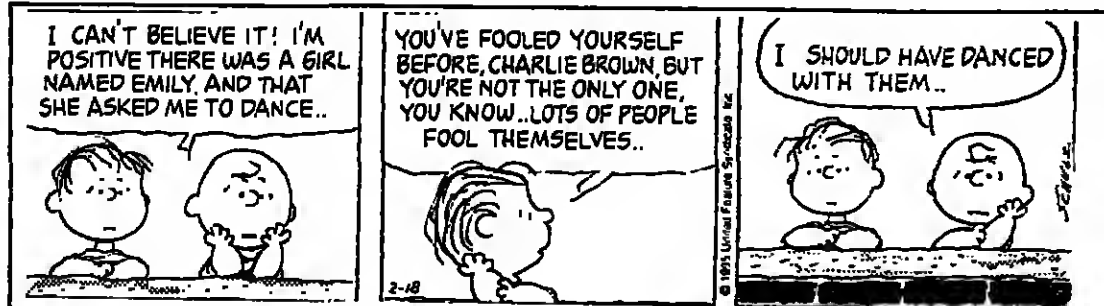
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PEANUTS



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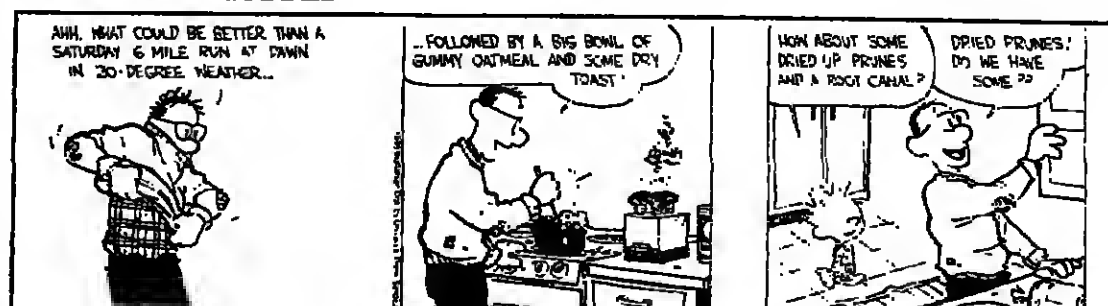


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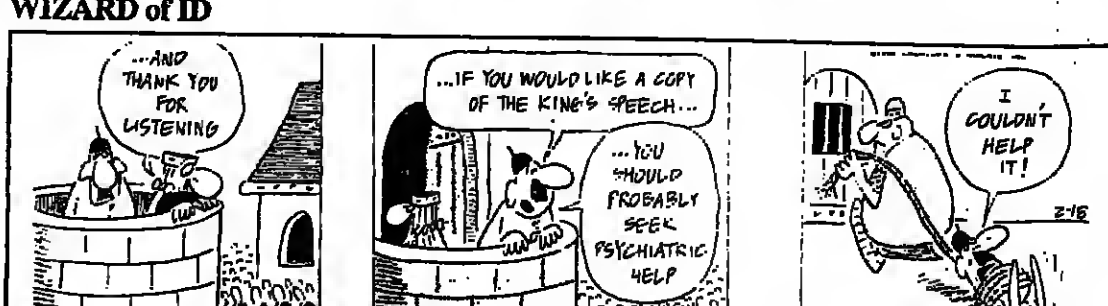


DOONESBURY

### CALVIN AND HOBBES



CALVIN AND HOBBES



WIZARD OF ID



THE FAR SIDE



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